



**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

2 Coral Circle • Monterey Park, CA 91755

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Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

William K. Huang
Acting Executive Director

**AGENDA
FOR THE REGULAR MEETING OF THE
LOS ANGELES COUNTY HOUSING COMMISSION
WEDNESDAY, NOVEMBER 19, 2008
12:00 NOON
HEADQUARTERS
2 CORAL CIRCLE
MONTEREY PARK, CA 91755
(323) 890-7001**

REVISED

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1. Call to Order

2. Roll Call

Severyn Aszkenazy, Chair
Adriana Martinez, Vice Chair
Philip Dauk
Lynn Caffrey Gabriel
Henry Porter, Jr.
Alberta Parrish

3. Reading and Approval of the Minutes of the Previous Meetings

Regular Meeting of September 24, 2008

The Regular Meeting of October 22, 2008, was cancelled.

4. Report of the Executive Director

5. Public Comments

The public may speak on matters that are within the jurisdiction of the Housing Commission. Each person is limited to three minutes.

6. Staff Presentations

No Staff Presentations



Regular Agenda

7. **Concur with the Board of Commissioners' Approval of the Health Plan Changes (All Districts)**

Concur with the following actions of the Board of Commissioners and authorize the Acting Executive Director to approve the proposed premium rates for group medical plans provided by Anthem Blue Cross of California Health Maintenance Organization (HMO) and Preferred Provider Option (PPO) and Kaiser Health Plan (Kaiser), effective January 1, 2009; approve the combined payment, with the Community Development Commission, of the employer-paid subsidy for the 2009 calendar year to Anthem Blue Cross and Kaiser, at an estimated cost of \$471,000. (CONCUR)

8. **Concur with the Board of Commissioners' Approval to Award Contract to Provide Temporary Personnel Services (All Districts)**

Concur with the following actions of the Board of Commissioners and authorize the Acting Executive Director to execute, administer, implement and if necessary terminate one-year Temporary Personnel Service contracts (Contracts) with Tri-State Employment Service, Inc., JM Temporary Services & Affiliates, Inc., Protocol Professional Staffing, L.A. business Personnel, Inc., and AppleOne, in an aggregate amount not to exceed \$111,468, to provide temporary personnel services (CONCUR)

9. **Approve Construction Contract for Southbay Gardens Senior Housing Development Flooring Replacement Project (District 2)**

Recommend that the Board of Commissioners authorize the Acting Executive Director of the Housing Authority to execute a Contract in the amount of \$105,246 to HM Carpet, Inc. to complete the flooring replacement at Southbay Gardens; and authorize the Acting Executive Director to use a total of \$105,246 in Community Development Block Grant (CDBG) funds allocated by the U.S. Department of Housing and Urban Development (HUD) and included in the Housing Authority's approved Fiscal Year 2008-2009 budget for the purposes described herein. (APPROVE)

10. **Adopt Resolution Declaring Intent to Issue Multi Family Housing Mortgage Revenue Bonds for Multifamily Housing in Unincorporated Florence-Firestone (District 1)**

Recommend that the Board of Commissioners instruct the Chair to sign the attached Resolution, as required under Treasury Regulations, declaring an intent by Slauson Station Apartments, L.P. (Developer), a California Limited Partnership, to undertake bond financing in an amount not exceeding \$6,800,000 to finance the site acquisition and construction of Slauson Station Apartments, a 30-unit multifamily rental housing development located at 1707-1717 East 61st Street in the unincorporated Florence-Firestone area; and authorize the Acting Executive Director of the Housing Authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation in an aggregate

amount not exceeding \$6,800,000 for the purposes described herein.
(APPROVE)

11. Approve Contract for Elevator Maintenance Services for 14 Public Housing Developments within Los Angeles County (All Districts)

Recommend that the Board of Commissioners approve and authorize the Acting Executive Director to execute the attached one-year Contract with Excelsior Elevator Corporation, to be effective on December 16, 2008, to provide elevator maintenance services for 37 elevators located at 14 senior housing developments, located throughout the County of Los Angeles, that are owned or managed by the Housing Authority, and to use for this purpose a total of \$60,021, comprised of \$50,559 in Conventional Public Housing Program funds provided by the U.S. Department of Housing and Urban Development (HUD) and \$9,462 in Project-Based Section 8 Program funds provided by HUD; authorize the Executive Director to execute amendments to the one-year Contract, following approval as to form by County Counsel, to extend the term of the Contract for a maximum of four years, in one-year increments, at \$61,822 for the second year, \$63,676 for the third year, \$65,587 for the fourth year, and \$67,554 for the fifth year, using funds to be approved through the annual budget process; authorize the Acting Executive Director to execute all necessary administrative amendments to the Contract as well as any amendments to increase the annual compensation amount, in an amount not to exceed thirty percent of the applicable contract year compensation amount, following approval as to form by County Counsel, to provide for any unforeseen needed elevator maintenance services, using the same sources of funds described above.
(APPROVE)

12. Approval of the 2008 Meeting Schedule

13. Housing Commissioners Comments and Recommendations for Future Agenda Items

Housing Commissioners may provide comments or suggestions for future Agenda items.

Copies of the preceding agenda items are on file and are available for public inspection between 8:00 a.m. and 5:00 p.m., Monday through Friday, at the Housing Authority's main office located at 2 Coral Circle in the City of Monterey Park. Access to the agenda and supporting documents is also available on the Housing Authority's website.

Agendas in Braille are available upon request. American Sign Language (ASL) interpreters, or reasonable modifications to Housing Commission meeting policies and/or procedures, to assist members of the disabled community who would like to request a disability-related accommodation in addressing the Commission, are available if requested at least three business days prior to the Board meeting. Later requests will be accommodated to the extent possible. Please contact the Executive Office of the Housing Authority by phone at (323) 838-5051, or by e-mail at marisol.ramirez@lacdc.org, from 8:00 a.m. to 5:00 p.m., Monday through Friday.

THE HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

MINUTES FOR THE REGULAR MEETING OF THE

LOS ANGELES COUNTY HOUSING COMMISSION

Wednesday, September 24, 2008

The meeting was convened at the Housing Authority, located at 12131 Telegraph Road, Santa Fe Springs, California.

Digest of the meeting. The Minutes are being reported seriatim. A taped record is on file at the main office of the Housing Authority.

The meeting was called to order by Chair Severyn Aszkenazy at 12:16 p.m.

ROLL CALL

	<u>Present</u>	<u>Absent</u>
Severyn Aszkenazy	X	
Adriana Martinez	X	
Philip Dauk		X
Lynn Caffrey Gabriel	X	
Henry Porter, Jr.	X	
Alberta Parrish	X	

PARTIAL LIST OF STAFF PRESENT:

Bobbette Glover, Assistant Executive Director
Maria Badrakhan, Director, Housing Management

GUESTS PRESENT:

Rick Velasquez, Assistant Chief of Staff, 4th District

Reading and Approval of the Minutes of the Previous Meeting

On Motion by Commissioner Gabriel, seconded by Commissioner Porter, the Minutes of the Regular Meeting of August 27, 2008, were approved as corrected. Commissioner Porter noted that the effective date of November 1, 2008, of the 20-Year Ground Lease Board Letter was omitted from Agenda item number 9, recommendation number 2 of the August 27, 2008, minutes.

Agenda Item No. 4 - Report of the Executive Director

Ms. Glover reported that Mr. Gregg Fortner, Assistant Executive Director, has assumed management responsibility over the Housing Authority, the Fraud Investigations Unit and the Office of Community Educational Partnership.

Ms. Glover provided an update on Ujima Village. She reported that the completed environmental site testing indicates the existence of soil contaminants; however, preliminary findings indicate no intrusion into the housing units. When testing at the Magic Johnson Park is concluded, the Water Board will generate a complete analysis of the findings. The Housing Authority

continues to make progress with voluntary tenant relocations, and approximately 26-27 percent of the households have moved. On the advice of Legal Aid, a small group of residents may be planning to resist relocation in order to receive more financial compensation. Some tenants who qualify for Section 8 Program assistance are also resisting relocation. Ms. Glover stated that HUD may send deadline notices to some tenants. Commissioner Porter suggested that a paper trail be created on each family. Ms. Glover responded that the Relocation Consultant maintains records on each family, including strategies used to contact them and encourage them to relocate. Weekly conference calls are continuing with HUD representatives from the Washington, Fort Worth and the local offices.

The Department of Labor is conducting an audit of Community Development Commission/Housing Authority labor practices covering the period from October 1, 2006 through October 1, 2008. The OIG financial audit is ongoing. We received a final report from HUD on the 06-07 SEMAP performance.

Agenda Item No. 5 – Public Comments

No public comments were received.

Agenda Item No. 6 - Staff Presentations

Margarita Lares, Assisted Housing Director and her staff, provided a Section 8 Program status report, including a Yardi Voyager Systems demonstration.

Ms. Glover noted that a recent issue of the *Housing and Development Reporter* included an article on a public housing tenant that sued the Housing Authority to re-establish his public housing assistance. Esther Keosababian, Assistant Director of Housing Management, summarized the history of the case.

Regular Agenda

On Motion by Commissioner Gabriel, seconded by Commissioner Porter, and unanimously carried, the following was approved by the Housing Commission:

APPROVE CONTRACT FOR A PHYSICAL NEEDS ASSESSMENT FOR
HOUSING DEVELOPMENTS WITHIN LOS ANGELES COUNTY
(ALL DISTRICTS)
AGENDA ITEM NO. 7

1. Recommend that the Board of Commissioners find that approval of a Contract for a physical needs assessment is not subject to the provisions of the California Environmental Quality Act (CEQA), as described herein, because the activities are not defined as a project under CEQA.
2. Recommend that the Board of Commissioners approve and authorize the Acting Executive Director of the Housing Authority to execute a Contract in the amount of \$170,019 in Capital Funds

Program (CFP) funds provided by the U.S. Department of Housing and Urban Development (HUD), with Clampett Industries, LLC d/b/a EMG (EMG), to be effective upon Board approval through November 30, 2009, to provide physical needs assessment services for 56 housing developments located throughout the County of Los Angeles that are owned or managed by the Housing Authority.

3. Recommend that the Board of Commissioners authorize the Acting Executive Director to approve Contract change orders not exceeding \$42,504 for unforeseen project costs, using the same source of funds.
4. Recommend that the Board of Commissioners authorize the Acting Executive Director to incorporate up to \$212,523 in CFP funds into the Housing Authority's approved Fiscal Year 2008-2009 budget, for the purposes described above.
5. Recommend that the Board of Commissioners authorize the Acting Executive Director to execute amendments to the Contract for an annual ongoing database maintenance fee, following approval as to form by County Counsel, to extend the time of performance for a maximum of four years, in one-year increments, at the cost of \$7,500 per year, using funds to be approved through the annual budget process.


Agenda Item No. 8 – Housing Commissioner Comments and Recommendations for Future Agenda Items

Commissioner Porter requested an update on establishing a Lancaster/Palmdale Housing Authority office. Ms. Glover reported on the progress and noted that Gregg Fortner, Assistant Executive Director, is serving as a consultant to the cities. Commissioners Porter and Gabriel expressed concerns about a possible conflict of interest. Ms. Glover will look into their concern and report back during the next meeting.

Commissioner Martinez requested an update on the Executive Director recruitment. Ms. Glover will provide a report at the next meeting.

On Motion by Commissioner Porter the Regular Meeting of September 24, 2008, was adjourned at 2:01 p.m.

Respectfully submitted,

for 
WILLIAM K. HUANG
Acting Executive Director
Secretary –Treasurer

NEWS ARTICLES

Unannounced Section 8 Searches Raise Alarm

Police Use of Housing Authority to Enter Homes Violates Civil Rights, Lawyers Say

By ANAT RUBIN

Daily Journal Contributing Writer

A loud, clanking noise awakened Elvira Evers. The 55-year-old was still half asleep when she opened her front door to find five men, four in police uniform, standing behind her security gate on 146th Street in Gardena.

"The police officers were hitting the gate with their batons," she said. "It was still dark, and when I opened the door, they shined their flashlights in my face."

One of the men, a Los Angeles County Housing Authority investigator, said he was there to conduct an unannounced compliance check, to see that Evers was living in accordance with a federal housing subsidy program.

Evers had been receiving the subsidies, commonly called Section 8 vouchers, since 1992. She had never heard of unannounced compliance checks, and she was surprised to see a Housing Authority official surrounded by armed police officers. But she invited the men inside.

"I don't have anything to hide," she said. "Ever since I got on Section 8 I had no kind of problem."

The investigator, Evers said, stood by the door while the police officers searched the apartment and interrogated Evers and her children. They told her they were looking for firearms and drugs.

The officers had no warrant, but housing investigators do not need one to enter a subsidized unit.

Increasingly, police officers and sheriff's deputies have been using the county Housing Authority to gain access into homes, even when they have no evidence that residents are involved in criminal activity.

County and local law enforcement officials say the searches are useful in fighting crime and rooting out people who are defrauding the system. They say they always get consent to enter a unit. Civil rights attorneys say the practice is in violation of the Fourth Amendment's prohibition on warrantless searches. They say tenants feel they must consent to Housing Authority investigators because they depend on the county for their monthly rent and are not aware that they are also consenting to a criminal investigation. The Housing Authority searched the homes and apartments of all Section 8 recipients on Evers' block after a Gardena police officer called in January to request assistance in dealing with what he called a "troublesome" area.

The officer, Octavio Saldana, told a Housing Authority investigator there was a "sudden increase in the number of East Coast Crips gang members moving into Gardena," according to Housing Authority documents.

Saldana did not suggest a connection between any specific Section 8 recipients and the alleged gang activity.

But at Saldana's request, Housing Authority investigator Tom Scott turned over information on the 34 families on the block receiving Section 8 vouchers. He also told Saldana that he and other Housing Authority investigators could come to Gardena to conduct unannounced compliance checks with Gardena police officers on all 34 locations.

"The assumption is because somebody's poor and they need Section 8, they must be the gang people," said civil rights attorney Carol Sobel. "That is a pernicious and an erroneous assumption."

"Section 8 is an economic benefit. It's not a penalty," Sobel said. "Getting Section 8 is not a trade for your Fourth Amendment rights."

Lease Violations

When the Gardena police officers found no evidence of criminal activity, Evers said, they began to focus on the possibility of a Section 8 lease violation.

She said they asked her about a TV she has in her otherwise bare living room. They went through her closet and asked her 16-year-old daughter why her mom had so many clothes.

"The officer said 'You're not reporting everything to Section 8,'" Evers said. "I told him 'Sir, I report everything.'"

Evers' older children, who were not on her Section 8 lease, were sleeping in the apartment. Evers told police they were there to take care of her because she was sick. According to Housing Authority documents, Evers admitted during the search that her older sons had for the last year spent two days a week in her apartment.

A few weeks later, Evers was terminated from the Section 8 program for having unauthorized guests. "Everybody got terminated," she said. "Everybody I know on block 1600 was terminated."

Saldana did not return calls, and Housing Authority supervising investigator Robert Nishimura, who signed off on the searches in Evers' neighborhood, declined to comment.

But Bobbette Glover, a Housing Authority assistant director, said the agency partners with law enforcement "all over the county."

"Where there's law enforcement who can help us out or who we can help out, we partner with them," she said. "It's a more effective means of enforcement, whether that's law enforcement or enforcement of the Section 8 program."

Glover said the Housing Authority contacts the sheriff's department if it suspects criminal activity.

"If we have reports about gang activity or drug activity, we call them up," she said.

But often, it's the police or sheriff's department that calls the Housing Authority, as in the Gardena case, to ask for information.

"Sometimes they'll say, 'We're looking at this apartment complex. Can you tell us if there are any tenants on Section 8?'" Glover said.

"They're not going out looking for people who have committed Section 8 fraud, they're looking for people who have committed a crime," she said. "Usually the Section 8 component is secondary. Almost always it's secondary. But if they find something that is a program violation, our investigator is there."

Constitutional Questions

The Housing Authority distributes federal rental subsidies in all of the unincorporated areas and many smaller cities throughout Los Angeles County.

In the Antelope Valley, more than 80 miles from Gardena, the agency has been open about its sweeps of Section 8 residences with the sheriff's department.

Attorneys from Neighborhood Legal Services began hearing complaints a few years ago about searches in that area.

"These are people who as a general rule did not have problems with their Section 8 subsidies," said Neighborhood Legal Services Executive Director Neal Dudovitz.

Neighborhood Legal Services lawyers have represented individual tenants from the Antelope Valley whose Section 8 vouchers were terminated.

In almost every case, a Los Angeles County Superior Court judge has reversed the Housing Authority's decision to terminate the tenant from the program. But the legal aid group hasn't yet been able to challenge the constitutionality of the searches.

"The 'investigations' are sold by officials in the Antelope Valley as a crime-fighting measure," Dudovitz said. "If that's true, it means searches must comply with the Fourth Amendment's constitutional limitations on searches of homes. People have a right to expect to be treated in a way consistent with the Constitution, especially when it comes to the privacy of your home."

The Section 8 program, in which qualified recipients pay one-third of their income in rent and the federal government pays the rest, was designed to give poor families a way out of housing projects and into communities with better schools and job opportunities.

The federal program caps what Section 8 landlords can charge in monthly rent, and these limits have made outlying areas of Los Angeles County much more appealing to landlords in recent years, as rental prices in the city of Los Angeles have soared.

As a result, the once predominantly white Antelope Valley has seen an influx of poor families on Section 8, many of them black.

"There was a hysteria around Section 8 in the Antelope Valley," said Neighborhood Legal Services housing attorney Stephanie Haffner. "Section 8 participants were being blamed for all the ills of the valley, and the language in the local press was racially coded."

Supervisor Michael Antonovich, whose district includes the Antelope Valley, joined forces with local politicians four years ago to fund a special investigations unit within the Housing Authority. The investigators, all of them retired sheriff's deputies, work directly with the sheriff's department, sharing information and coordinating enforcement efforts.

Neighborhood Legal Services attorneys said some investigators have desks at local sheriff's department offices.

"It was a very new approach," said Antonovich deputy Norm Hickling. "There were no other communities working in such a cooperative manner with the county and with law enforcement."

Hickling said the cities of Lancaster and Palmdale, which make up the Antelope Valley, were experiencing a rise in crime.

"You can't attribute all of it to the Section 8 program," he said. "But a lot of the complaints involved people on Section 8."

The Housing Authority set up a Section 8 fraud hotline in the Antelope Valley, where anonymous callers could report what they deemed suspicious activity in Section 8 households.

"It could be an inordinate amount of people coming in and out of a house, or it could be a code violation on a house or suspected criminal activity," Hickling said. "There was really no other community that was taking such an aggressive stance, going after the people who were defrauding the system."

Controversial Investigations

Hickling said the waiting list for Section 8 vouchers is long, and the crackdown is making room for those who really need the subsidies.

But the effort has resulted in a significant decrease of Section 8 residents in the Antelope Valley. And Dudovitz said the program is having a disproportionate effect on black families.

"Our experience is that the Section 8 families subject to these 'investigations' are overwhelmingly African-American, and we should all be concerned about that," Dudovitz said. "I hope we have moved beyond the '60s when some people tried to equate African-Americans on welfare with crime."

Hickling said race is not a factor in the investigations.

"The complaints that have come in from the community that our agents have responded to have strictly been based on behavior," he said. "Race has no bearing whatsoever on the investigations or the Housing Authority's decisions, which are based on rules the participant agreed to adhere to."

Hickling said the Antelope Valley's approach to Section 8 enforcement initially concerned officials at the federal Office of Housing and Urban Development.

"They were watching the program very carefully," he said.

But federal housing officials in Southern California were already familiar with the methodology. Four years ago, the federal HUD inspector general's office monitoring Southern California's housing authorities was itself conducting unannounced compliance checks with armed law enforcement.

Jim Todak, special agent in charge at the inspector general's office, said his office no longer conducts unannounced inspections.

"I know we don't do that anymore," he said. "I know there were different things that we've done, and I can't comment on that."

Todak's office conducts inspections in areas where housing authorities do not have their own investigators.

In 2004, the mayor pro tem of Hawaiian Gardens, a community just north of Long Beach, wrote a letter to the Long Beach Housing Authority warning officials there that the unannounced inspections instigated by the inspector general's office could lead to civil rights lawsuits.

"I am deeply concerned with the methodology utilized by the office of the federal Inspector General for Section 8 housing inspections," wrote then-mayor Leonard Chaidez in a letter dated Oct. 24, 2007.

Chaidez described the process, which he said became known to him only after the first round of inspections occurred and voucher-holders began to complain.

"The inspector general's office communicates with your law enforcement agency, usually by phone or verbally, to suppress any written documentation, protecting the Inspector General's office from liability," he wrote. "A list of Section 8 participants is compiled with the assistance of your Housing Authority staff ... a date for these surprise inspections is made by all parties."

Chaidez said the Section 8 recipient, "surprised and half asleep in many cases," fears being cut off from the program if he or she does not consent.

"Furthermore, no agents disclose that the recipient has a right to refuse and not give consent to the inspection," he wrote.

Chaidez said he feared the inspections violated federal HUD policy, which mandates that housing authorities conduct inspections at reasonable times and after giving reasonable notice.

He told Long Beach city officials that the Hawaiian Gardens Housing Authority would no longer cooperate with the HUD inspector general's office on the unannounced inspections.

Chaldez no longer works for the city of Hawaiian Gardens and could not be reached for comment. Todak, who joined the Southern California office two years ago, wouldn't comment on Chaldez's complaint. But he said his agency has since "taken steps to go a little bit further."

"We're getting search warrants," Todak said. "I'm not commenting on whether it was wrong. I'm just saying this is what we're doing now. We don't do an unannounced knock. We don't support it, and we don't do things that way."

But his office hasn't stopped housing authorities from utilizing the practice.

Todak is familiar with the policy at the Los Angeles County Housing Authority, but said he "can't tell people what to do unless they were violating the law."

"You can always talk about what you think is best, but I don't have control over everything the local housing authorities do," he said. "I'm sure they're doing what they think is right."

Whether the checks are unconstitutional, he said, is an issue "that can be debated in the courts."

The 9th U.S. Circuit Court of Appeals recently held in *Sanchez v. County of San Diego* that eligibility inspections of welfare applicants' homes did not amount to Fourth Amendment violations. The 2006 opinion said the searches were allowed because they were purely administrative, were made during the brief time period after the initial application for benefits and involved advanced notice.

Civil rights attorneys said that opinion could be used against the county in court.

"They went to great lengths [in the *Sanchez* case] to emphasize that this was part of the administrative process and not a part of a criminal investigation," said Western Center on Law and Poverty attorney Robert Newman, co-counsel on the case.

But the Housing Authority searches, he said, "are obviously a criminal investigation in the guise of a search. There's no question that's what's going on here."

The situation in the Antelope Valley is similar to one in the city of Antioch, east of San Francisco. The predominantly white area saw an influx of black families on Section 8 in recent years.

City officials publicly attributed problems in the area to the increase of Section 8 residents, and Antioch police and politicians demanded that the Housing Authority of Contra Costa County turn over a list of all Section 8 residents in the area.

But the Housing Authority refused.

And last year, the Contra Costa County counsel's office wrote a letter to local politicians explaining that the Housing Authority could not legally turn over such information.

"Release of information regarding participants in the Housing Authority Section 8 Program to the city of Antioch for the purpose of assisting the city in tracking these individuals or targeting code enforcement activities is not sanctioned by state or federal law," the letter states.

The release of such information, according to the letter, would amount to a violation of state and federal privacy laws and could be grounds for legal action against the Housing Authority.

"The fact that a person is receiving public assistance is not sufficient legal grounds to subject that person and his or her family to routine, extensive police surveillance," the letter says.

In Gardena, Evers has managed to stay in her apartment with help from her older children.

"We had to come up with another \$900 for rent, and everybody put in a little," she said. "My kids are helping me right now, but I can't depend on them forever."

Evers, who for the last eight years has been in charge of Christmas decorating outside her building, breaks down when she talks about the future.

"This year I don't feel like doing nothing," she said. "I'm barely making it."

COMMUNITY AND ECONOMIC DEVELOPMENT

AFFORDABLE HOUSING

California PHA, For-Profit Developer Build 300-Unit Tax Credit Project Using Long-Term Land Lease

The Housing Authority of Santa Clara County, Calif., and ROEM Corporation built an affordable 300-unit apartment development with the help of a long-term ground lease, redevelopment funds from the city of San Jose, and low-income housing tax credits.

The Corde Terra Family Apartments is adjacent to a former county fairground which will be developed into a mixed-use community.

Excluding the value of the land, the development cost \$76.0 million and was financed in part with \$32.8 million in equity from 4 percent tax credits which were syndicated by Hudson Housing Capital and sold to J.P. Morgan Capital Corp.

In addition, the California Housing Finance Agency provided a \$24.2 million, 40-year first mortgage from tax-exempt bond funds, and the San Jose redevelopment agency extended \$19.0 million in subordinate financing. The agency borrows money using the funding stream from its tax-increment levy, which has a 20 percent affordable housing set-aside. The subordinate loan will be repaid from 35 percent of residual cash flow. A subsidiary of the housing authority is the general partner of the tax credit ownership entity.

Marcus Griffin of ROEM said the 75-year ground lease was an important element in making the project feasible, considering the cost of land. The development sits on five acres that are leased from the county for \$343,000 per year. The land has a current market value of more than \$12 million, according to Griffin. San Jose has benefited from development by Silicon Valley technology firms in recent years, which allowed the city to provide the subordinate loan, he said.

The development was put into service during the summer of 2007 and is fully leased up. Tax credit-eligible tenants under 60 percent of area median income (AMI) have incomes of up to \$63,660 for a family of four in the Santa Clara metropolitan area. Rents range from about \$851 a month for a one-bedroom unit to \$1,346 for a three bedrooms.

Service Coordinator

Resident services are provided by the Embrace Foundation, which hired a service coordinator who has an office on site. There also is a community room, a free library, fitness center, a community kitchen, and a computer lab. All activities are free of charge for apartment residents. Embrace also operates an after-school homework program.

As part of the mixed-income development plan, ROEM

has also built 43 luxury single-family homes on an adjacent portion of the fairgrounds land which were sold at prices starting at \$600,000. The development has three- and four-bedroom homes with up to three and one-half baths.

ROEM also is planning to build a 201-unit seniors apartment complex on an adjacent site which has been named Corde Terra Senior Apartments. All of the apartments will be targeted to households with incomes under 30 percent of AMI.

The housing authority will issue Section 8 project-based vouchers for the apartments under a 10-year housing assistance payments (HAP) contract. This development will also have a long-term lease from the county at \$243,000 for ground rent plus a cash flow participation.

The \$44.9 million in financing for the senior development includes \$17.2 million in tax credit equity to be syndicated by Alliant Capital, \$13.9 million in tax-exempt bond funds, a city loan of \$12.3 million, and a county loan of \$1.475 million. The seniors apartment project is included in a 150-acre mixed-use development planned for the former fairgrounds property. Catellus Development Group is the master developer of the in-fill property located just south of downtown San Jose.

AFFORDABLE HOUSING *

Los Angeles Mayor Plans \$5 Billion, Five-Year Housing Initiative, Will Propose Mixed-Income Ordinance

Los Angeles Mayor Antonio Villaraigosa has issued a five-year, \$5 billion plan to build and preserve 20,000 affordable housing units using the coordinated resources of city departments and funds from the private and public sectors.

The mayor said the plan for 2008 to 2013 includes the implementation of a mixed-income housing ordinance that would require the city's largest developers to offer housing units at affordable prices. Villaraigosa also said that a share of city housing trust funds will go toward housing for homeless families and individuals.

In January, the mayor appointed a finance team with the task of maximizing city dollars available for affordable housing. The team identified more than \$1 billion in dedicated resources for affordable housing, and the city plans to use this money to attract \$4 billion in additional funds, including low-income housing tax credits and tax-exempt bonds.

Housing Plan

The plan includes 12,600 low-income housing units, 2,200 permanent supportive housing units, and 2,600 moderate-income units for families up to 120 percent of area median income (AMI). The plan also would produce 2,600

units for families up to 200 percent of AMI. The last two categories include employer-assisted housing.

The mixed-income zoning ordinance to be proposed by the mayor would require all new housing developments above a certain size to have a balance of very-low-, low-, and moderate-income housing. Developers could choose the income mix that works best for their project.

The ordinance would allow construction of income-targeted units off site but within the same community and also would allow developers to provide land or cash in lieu of developing housing that meets income targets.

Villaraigosa said he wants to pursue supportive housing for the homeless. The plan would require all developments receiving affordable housing trust fund monies to set aside 10 percent of new apartments for the homeless. In addition, the Housing Authority of the City of Los Angeles will continue to provide Section 8 vouchers for more than 9,000 households and will increase voucher assistance to the chronically homeless by 10 percent over five years.

("Housing That Works 2008-1013" is available at www.lacity.org/Mayor.)

AFFORDABLE HOUSING

Suburban Chicago County Study Shows Low-Income Family Needs, Reports Increased Foreclosures

A study of fast-growing McHenry County in the Chicago area shows a lack of housing affordable to families below the \$72,000 median income, and the gap is particularly acute for families below 50 percent of median who also must pay commuting costs to get to jobs in Chicago or in neighboring Lake County.

The study from the Heartland Alliance Mid-America Institute on Poverty also found that mortgage foreclosures have increased and that there is a severe shortage of special needs housing for the elderly and disabled. The report says there are 3,548 affordable or specialized housing options available in the county, compared with a need for 22,331 housing units for very-low-income households in this category.

The study found that high housing costs are hurting middle-income families, but the problem is most severe for the one-fifth of the 106,751 households in the county who have incomes below \$35,000.

Rental housing is priced out of reach for many low-income McHenry County families, the study says. Only 10.8 percent of rental units are priced below \$500, a rent affordable to a full-time worker earning the \$10.80 per hour average wage in the county. In contrast, 40.6 percent of all rental units have monthly rents over \$1,000.

Other Trends

McHenry County has continued a trend of rapid suburbanization in the last decade. Only 37.0 percent of

the workers living in the county also work there, while 31.6 percent commute to Cook County and 12.1 percent to Lake County, adding to the location cost of housing.

During roundtable discussions, researchers found that some second and third-shift workers are taking taxis to work because public transportation doesn't operate from midnight to 7 a.m. One-third of the labor force reports to work during this time.

Researchers found an upward trend in foreclosures during 2006 and 2007. In 2007, there were 2,750 foreclosures in the county. At the end of 2007, one out of 40 McHenry County households were at some point in the foreclosure process. With affordability and rental availability already problems, the mortgage foreclosure crisis has pushed more families into an already tight rental market.

In its recommendations, the report calls for the creation of a county housing trust fund to ensure a dependable local revenue source for affordable housing outside of the highly politicized budget process. The study also recommends the creation of a housing task force or commission.

("McHenry County: A Place to Call Home - A Call to Action" is available at www.heartlandalliance.org.)

Community Development Briefs

HUD has extended the application deadline for the Continuum of Care homeless assistance program to October 23, according to a notice published in the October 9 Federal Register.

The Community Development Financial Institutions (CDFI) Fund is making about \$8 million in fiscal 2009 funds available for the Native American CDFI assistance (NACA) program.

A notice of funding availability (NOFA) was published in the October 1 Federal Register. Applications for CDFI certification are due November 3, and applications for financial assistance and/or technical assistance funding are due December 19.

The Economic Development Administration (EDA) has introduced a new application for investment assistance, Form ED-900.

The form, which was described in an October 1 Federal Register notice, will consolidate all EDA-specific program requirements into a single application form, though additional government-wide information will still have to be submitted on forms and attachments from the Standard Form 424 family.

Previously, EDA applicants were required to submit a pre-application on Form ED-900R, followed by a full application on Form ED-900A if EDA decided that a proposal merited further consideration.

Use of the new form will be optional for the rest of October, but it will be mandatory as of November 1.

FINANCE, MANAGEMENT AND DEVELOPMENT

TAXATION

Texas Faces Difficulty Using Housing Act Bond Volume Cap

Turmoil in the financial markets and a lack of investors are preventing the Texas Department of Housing and Community Affairs (TDHCA) from using all of its additional tax-exempt housing bond authority under the Housing and Economic Recovery Act of 2008 (HERA).

"Investing in the housing market is not the safest deal to begin with, so when there are even broader problems in the financial markets, housing becomes even more of a problematic investment," said Robbye Meyer, director of multifamily finance for the Texas Department of Housing and Community Affairs (TDHCA).

"The allocation is there, and it is great to have and we'll do everything possible to use that allocation. But we need investors," she said.

HERA provided \$11 billion in additional aggregate bond authority, which must be used by the end of 2010. Single-family bond proceeds must be used to fund mortgages within 12 months.

Texas Allocation

The Texas Bond Review Board has allocated the state's \$748.5 million in HERA bond authority among 254 state and local housing agencies and organizations. TDHCA has received \$60 million in HERA bond authority, which it is offering as part of a \$129 million single-family bond issue.

Depending on housing market conditions and demand for that issue, TDHCA may use another \$90 million to generate funding for single-family programs in 2009, according to Matt Pogor, TDHCA's director of bond finance.

TDHCA has also received \$89.4 million in general tax-exempt bond volume cap for multifamily housing and \$189.6 million for single-family programs. Aside from the amount already set aside for single-family housing programs, the Texas Bond Review Board has not decided how to apportion the HERA bond cap.

Scope of Problem

Meyer said TDHCA will be hard pressed to allocate its general volume cap for multifamily housing, let alone use all of its HERA bond authority. Pogor also said that TDHCA is waiting for housing market conditions to improve and investor demand to increase before it issues more bonds.

TDHCA is trying to come up with ways to use the state's bond authority, Meyer said. One approach TDHCA is considering involves partnering with other bond issuers and splitting fees, she said.

Under such an arrangement, TDHCA would pay other

issuers a referral fee for bond transactions they hand over to TDHCA for processing. "Local issuers may not have the time or resources to process an application. So they would turn to TDHCA, which has the capacity, to handle the application and issue the bonds. We would then split the fee," she said.

However, that doesn't address the problem of finding investors for TDHCA bond issues. "We have got to have investors to make these programs work, and those are minimal," Meyer said. "So it won't be easy to allocate the additional bond cap."

PUBLIC HOUSING

California Governor Rejects Bill to Require One-for-One Replacement

California Gov. Arnold Schwarzenegger effectively vetoed legislation (AB 2818) that would have required one-for-one replacement of public housing which is subject to demolition and disposition, returning the bill to the legislature without his signature.

The legislation would have mandated new tenant notice requirements and generally required replacement housing to have the same number of bedrooms and the distribution of tenant incomes as the original project.

"The restrictions that this bill would add are unnecessary and over burdensome to local housing authorities," Schwarzenegger said. "The federal government has been reducing subsidy funding for public housing, but the demand for public housing is not declining. Local housing authorities must have the flexibility to dispose of financially unsupportable housing in an efficient and timely manner that minimizes the loss of housing units. This bill would impose new notice requirements and other restrictions and limitations that would limit too severely that vital flexibility."

The bill reflects discussion of the same issue at the national level. House Financial Services Committee Chairman Barney Frank (D-Mass.) and housing subcommittee chair Maxine Waters (D-Calif.) want to reform the demolition and disposition process to require one-for-one replacement. (*For background, see Current Developments Vol. 36, No. CD-19, p. 582.*)

Aging Inventory

California PHAs told state lawmakers said that due to the lack of adequate federal funds, they need flexibility to replace or rehabilitate aging public housing that has become increasingly expensive to maintain. Housing authorities opposed AB 2818, arguing that it would hamper efforts to expand the inventory of affordable rental housing and to generate construction spending and jobs during an economic slowdown.

"Construction would have ground to a halt with this bill," said Jim Nakashima, executive director of the Hous-

ing Authority of the County of Monterey (HAMC).

Nakashima said that the legislation's one-for-one replacement and other requirements would have been too restrictive, adding that HAMC has followed a policy of replacing public housing in mixed-income, mixed-finance developments. Since January the HAMC development corporation has opened 400 units in low-income housing tax credit projects which contain 120 public housing units.

"Our mission is to provide affordable housing that is available in perpetuity, and we have to meet that," said Nakashima. "There are no guarantees from the federal government. We have to be somewhat self-sufficient and generate some fee income, and development is a way of doing that and to carry out our mission. We had to create a revenue source."

Nakashima said that California is experiencing a second round of foreclosures from bargain hunters who purchased homes as prices declined but who have run into financial difficulty. That has tightened up the rental market, creating a need for affordable housing construction, he said.

The Public Housing Authorities Directors Association (PHADA) has been tracking the California legislation. PHADA is concerned that such legislation could encourage advocacy groups to promote similar measures in other states.

SECTION 8



House Approves Bill to Provide Administrative Fees to Cover Costs Of Family Self-Sufficiency Program

The House has approved a bill (H.R. 3018) to provide for payment of an administrative fee to PHAs for costs incurred in operating the Section 8 Family Self-Sufficiency (FSS) program.

Under the bill, a PHA serving 25 or more voucher families in the FSS program would receive a base fee equal to the cost of employing one full-time FSS coordinator. A PHA serving fewer than 25 families would receive a prorated fee.

A PHA that meets minimum performance standards would receive an additional fee to cover a second coordinator if the agency has at least 75 participating families and a fee for a third coordinator if the agency has at least 125 participating families.

HUD would be required to publish a proposed rule on performance standards within six months of the date of enactment of the legislation. The standards would have to include leveraging of in-kind services and other resources to support the FSS program goals.

The department could reserve up to 10 percent of the funds appropriated for FSS administrative fees to reward FSS programs that are innovative or highly successful in achieving program goals.

Program Size

For purposes of the thresholds, the size of a PHA's program would be determined by the average number of

families enrolled during the most recent fiscal year for which HUD has data.

An agency that received HUD funding for more than three FSS coordinators in any fiscal year from 1998 through 2007 would get funding for the highest number of coordinators funded during that period, provided that the agency meets applicable size and performance standards.

During the first year a PHA exercises its right to develop an FSS program for its residents, it would be entitled to funding to cover the costs of up to one coordinator, based on the size of the program specified in its action plan.

If HUD lacks sufficient funds to cover all of the authorized coordinators, the first priority would go to funding one coordinator at each agency with an existing FSS program. The remaining funds would be prorated based on the remaining number of coordinators to which each PHA is entitled.

Any FSS coordinator fees not expended by the end of the fiscal year after the year in which they are allocated would be recaptured and would be available for reallocation.

The bill would authorize \$10 million for an evaluation of the effectiveness of well-run FSS programs. HUD would be required to submit an interim report to Congress within four years and a final report within eight years.

ASSISTED HOUSING

HUD, FEMA Announce Rental Aid Program for Victims of Hurricane Ike; Disaster Voucher Program Extended

HUD and the Federal Emergency Management Agency (FEMA) have announced a temporary rental assistance program to aid families who were displaced by Hurricane Ike.

The program will provide rental aid and case management services for an 18-month period, beginning on November 1.

"It is critical that we provide a degree of stability in the lives of these families until they can get back on their feet," said HUD Secretary Steve Preston. "Knowing you have a roof over your family's head for the next 18 months should alleviate at least one major concern."

Program Administration

Mirroring the program implemented after Hurricane Katrina, the disaster housing assistance program-Ike (DHAP-Ike) will be administered by local PHAs.

Initially, HUD will provide full rental assistance to approved families. Beginning on May 1, 2009, participating families will be responsible for paying \$50 per month, and their rent payments will increase by \$50 per month until the program ends in April 2010.

The program includes a hardship waiver for families who show that they can't afford the incremental rent payments.

The Seattle Housing Authority (SHA) will receive \$10,486,830 for the Lake City development. The housing authority plans to build 51 public housing units, 35 affordable rental units, five affordable homeownership units, and 12 market-rate homes. SHA also plans to build a community center. Including this award, the SHA has received three HOPE VI grants.

Milwaukee Housing Plans

The Housing Authority of the City of Milwaukee (HACM) will receive a grant of \$6,759,852 to replace 24 scattered-site public housing units with 100 new and renovated units, including 29 public housing units. There will also be nine affordable homeownership units and 62 moderately priced condominiums. Of the 100 units, 13 will be at the original site and 87 will be in other locations.

The Housing Authority of the City of Texarkana, Texas, (HATT) will receive \$20 million to revitalize three public housing developments in the historic Rosehill neighborhood: Covington Homes, Griff King Homes, and Stevens Courts.

In its plan to create mixed-income communities, HATT will replace 372 severely distressed public housing units with 554 new housing opportunities. The housing will include 92 new public housing units; 437 affordable rental units, and 25 affordable homeownership units. HATT will also use private funding to build a community center for each new development.

ASSISTED HOUSING

Los Angeles City Housing Authority Repays \$27.8 Million to HUD Accounts, But Disputes Inspector General Audit

A HUD Office of Inspector (OIG) audit found that the Housing Authority of the City of Los Angeles (HACLA) had improperly advanced and expended \$27.8 million in HUD program funds to its other federal programs.

HACLA disagreed with the audit findings, saying they are seriously flawed, but has repaid the HUD accounts with unrestricted funds, and the OIG intends to close out its audit recommendation.

HACLA said that there was a problem with the way the accounting system presented its financial transactions, but no misappropriation of funds. However, OIG auditors said they were unable to validate that statement. The OIG initiated the audit at the close of HACLA 2007 fiscal year.

OIG Findings

The OIG said the use of restricted funds occurred because HACLA commingled all of its monies into a general revolving fund account which lacked proper procedures or accounting controls to limit withdrawals to funds available for each of its programs. The OIG said that HACLA could not show whether it lent out excess housing assistance payments funds, administrative fees earned, or interest income from the Section 8 voucher program or any of its other programs with excess funds.

The disputed HUD program funds included \$16.7 million in Section 8 voucher funds, \$4 million in public housing funds, and \$5.5 million in HOPE VI funds.

Programs that borrowed funds included the HACLA rent subsidy account, capital fund, and Shelter Plus Care programs.

HACLA said that the OIG misunderstood the nature of the program advances, explaining that they are short-term loans of investments that are reflected in the housing authority's books. The funds associated with the advances never leave the organization or the respective programs, HACLA said.

HACLA also said that HUD does not provide reimbursement for most of its programs' expenditures until HACLA can show funds were actually spent, requiring the authority to make payments first out of its general revolving fund to keep its programs in operation.

The OIG removed a section of the audit regarding unrealized interest income after HACLA demonstrated the allocation of interest earned on investments. The OIG said it intends to close out the repayment recommendation in its report since HACLA has taken the recommended repayment action.

(Audit Report 2008-LA-1015, August 21, 2008, is available at www.hud.gov/offices/oig.)

MORTGAGE FINANCE

Alaska Requires Lenders to Correct Underwriting Deficiencies or Repurchase Mortgage Loans

After finding many lenders are disregarding its guidelines, the Alaska Housing Finance Corporation (AHFC) is requiring lenders to correct underwriting problems on AHFC-funded mortgage loans or repurchase them.

"Recent audits have revealed an alarming trend of deterioration in the underwriting of AHFC loans," the agency said in Seller/Service Memorandum 08-07, issued October 1. "Namely, many lenders are disregarding AHFC's credit and property guidelines."

Under AHFC policies, the lender and its underwriter must believe that the mortgage is acceptable to private institutional investors. In particular, the underwriter must ensure that credit documentation clearly demonstrates that a borrower is able and willing to repay a loan. Documentation should also show that the property being financed is adequate collateral for the loan.

Automated Underwriting

Although lenders can use automated underwriting systems, when automated underwriting findings conflict with AHFC credit guidelines on conventional, Veterans Affairs (VA), and Rural Development (RD) loans, lenders should comply with AHFC guidelines.

According to AHFC, borrowers with Fair Isaac Corporation (FICO) credit scores of 660 or below are at relatively high risk of defaulting as are applicants with debt-to-income ratios that exceed AHFC's guidelines.

In both instances, borrowers don't demonstrate an abil-

The court also heard no evidence supporting Sierra's argument that the ordinance is enforced primarily by landlords seeking to evict families with children so they can rent to higher-paying tenants. In fact, it heard statistical evidence from the city regarding evictions during the last 10 years that discredited this assertion.

The court concluded that the city had a legitimate interest in the health, safety, and welfare of children by passing the SRO ordinance. The city cannot achieve this interest through alternative methods, the court said, and the ordinance therefore does not violate the Fair Housing Act.

The court denied Sierra's motions for injunctive and declaratory relief. The court's holding in the case also mooted her claim for damages, which presupposed enforcement of an invalid regulation. The court dismissed Sierra's complaint.

SECTION 8 ✱

Statute of Limitations Under Tucker Act Doesn't Bar Damages For Midyear Rent Adjustments

The six-year statute of limitations under the Tucker Act doesn't rule out damages for midyear Section 8 rent adjustments, the U.S. Court of Federal Claims ruled. (*Pennsauken Senior Towers Urban Renewal Associates, LLC v. U.S.*, Nos. 07-174C, 07-646C, 2008 WL 4323498 (Fed.Cl.), September 18, 2008)

Plaintiffs Haddon Housing Associates, LLC and the Housing Authority of Haddon, N.J., (collectively, Haddon) filed a complaint on September 4, 2007, against the United States for breach of a housing assistance payments (HAP) contract for the Rohrer Towers II apartment complex.

The contract was entered into on March 17, 1981, so March 17 was the HAP contract anniversary date.

With the shifting law and policies on Section 8 rent adjustments, the contract rent under the Rohrer contract was increased between 1980 and 1995, but no rent increases were granted between 1996 and 2006.

Statute of Limitations

In this suit, Haddon sought damages based on the alleged failure to provide rent increases between 2001 and 2007. The time frame of the complaint recognized the six-year statute of limitations for Tucker Act suits established in 28 U.S.C. Section 2501.

Since the suit was filed on September 4, 2007, the court has jurisdiction over any claims that accrued on or after September 4, 2001, and Haddon limited its claim to rent adjustments from that date.

The issue for the court was the treatment of the 2001 anniversary year of the Rohrer contract, which began on March 17, 2001.

The plaintiffs contended that damages should be awarded for the portion of that year beginning on September 4, while the government argued that a rent adjustment can take place only on the annual anniversary

date and that therefore no damages could be awarded for any portion of that year.

Court Ruling

As the court explained, Section 2.7(b) of the HAP contract provides that rent adjustments will take place "on the anniversary date of the Contract," while the rent adjustment regulations, 24 C.F.R. Section 888.203, provide for an "adjusted monthly amount" of rent.

In an opinion by Judge Charles F. Lettow, the court said there is "an intractable ambiguity" on the face of the contract and the regulation as to whether changes in the monthly rent can be made on a monthly basis or solely on an annual basis. It added that it is unable to determine whether rent adjustments can be made during an anniversary year or only at the beginning of the year.

"This dispute over interpretation of contractual and regulatory language in essence turns on the administrative procedures that HUD has actually been following in the course of settling disputes over HAP Contract rents," the court said. "It is axiomatic that an agency's interpretation of its own regulation is controlling unless 'plainly erroneous or inconsistent with' the regulations being applied."

HUD Policy

Following this principle, the court turned to HUD Notice 95-12, in which the department addressed the question as to whether contract rent adjustments occur strictly on an annual basis or whether they can be made at any date during the anniversary year.

Notice 95-12 specifies the dates on which contract rents can be adjusted and outlines the consequences when an owner fails to file a timely request for a rent adjustment. It says that if an owner fails to request an adjustment before the HAP contract anniversary date, HUD will still allow the adjustment to be made if the required information is submitted before the next contract anniversary date.

"Notice 95-12 thus serves as a strong indication that the 'monthly amount' of a contract rent can be adjusted at times of the contract anniversary year other than on the anniversary date itself," the court said.

The government argued that there is no evidence that Haddon actually submitted a late request for a contract rent anniversary, but the court said that argument goes to the merits as to whether 1994 congressional changes to the Section 8 program breached existing HAP contracts.

"As to the jurisdictional issue now before the court, the very fact that HUD advised that it could and would grant post-anniversary-date requests for rent adjustments satisfies the court that Haddon can claim rent adjustments for a portion of a particular anniversary year after the anniversary date of that year," the court concluded.

Accordingly, the court rejected the government's contention that Haddon's claim for adjustment of contract rents in 2001 could only have arisen on the contract anniversary date of March 17, 2001. It held that a claim based on HUD's failure to make rent adjustments for the period beginning on September 4, 2001, would have accrued during the six-year limitation period allowed under the Tucker Act.

assessment and Revision of Taxes. Due to the common factual and legal issues, they agreed to a consolidation of their claims and extrapolation of assessment methodology for one of the projects to all the properties. Although all parties used the income approach to value, each used different mortgage rates to determine the capitalization rate.

The trial court adopted the 1 percent rate (reduced from 9 percent due to the rental subsidy received under the relevant government program) used by the board's appraiser, which resulted in a capitalization rate of 4.58 percent. The board's appraiser also considered a sales approach and averaged the two fair market values (FMVs) for a final appraisal value.

Court Ruling

The court said its standard of review in a tax assessment appeal is whether the trial court abused its discretion, committed an error of law, or rendered a decision unsupported by the evidence.

It cited the applicable state tax code provisions, which require consideration of all three valuation approaches (cost, comparable sales, and income), the impact of applicable rent and other related restrictions imposed by federal or state programs, and treatment of federal and state income tax credits not as income attributable to real property.

Taxpayers argued that the trial court erred by using subsidized rental units other than Section 515 units for sales comparisons. They contended that encumbrances imposed by Section 515 distinguish those properties from properties subsidized under HUD or state programs.

The court said that the appraiser did use a Section 515 property as a comparable. That property later converted to a HUD-subsidized property, and the appraiser took the differences in restrictions on the two types of properties into account. In addition, the appraiser used only low-income, subsidized properties as comparables for his valuations.

The court held the trial court did not abuse its discretion in adopting the valuation approach of the county's appraiser, and the court also determined that the appraiser's approach would control on appeal.

Taxpayers also argued that the trial court failed to take into consideration the income restrictions imposed by Section 515 and the PHFA. The court also rejected this contention, noting that the county's appraiser and the trial court "properly considered the economic realities of the properties at issue, which consideration expressly included rent controls, subsidies, and sales restrictions." The court said the trial record was thorough and complete on this point.

Capitalization Rate

The critical issue was whether to apply the mortgage rate of 9 percent (used by the taxpayers and their expert) or the effective interest rate of 1 percent (used by the county and its expert) to determine the correct capitalization rate to use in valuing the properties.

The taxpayers' expert used the definition in the Uniform Standards of Professional Appraisal Practices, which

is not the standard adopted by Pennsylvania. The court noted that the county's expert is a certified Pennsylvania evaluator, certified to appraise property for real estate tax purposes, with extensive experience in tax assessment appeals.

The court compared the two experts' evaluations and found that the trial court, in adopting the 1 percent rate, properly considered the economic realities of the properties at issue, including all relevant subsidies and sales restrictions, pursuant to general principles of assessment law and case law.

The court affirmed.

SECTION 8

Magistrate Judge Backs Termination Of Benefits to Voucher Holder Who Failed to Register as Sex Offender

A magistrate judge has recommended that the U.S. District Court for the District of Maine uphold the termination of Section 8 assistance to a tenant who failed to register as a sex offender, as required by Maine law. (*Miller v. McCormick*, Civ. No. 08-26-B-W, 2008 WL 4326529 (D.Me.), September 22, 2008)

For about 15 months, plaintiff Richard Miller received voucher assistance from defendant Penquis Community Action Program, which administered the voucher program on behalf of the Maine State Housing Authority. Miller had been receiving Section 8 assistance in Massachusetts and ported his voucher to Maine. Because of his existing participation in the voucher program, Penquis did not run a background check.

In October 2006, Penquis discovered that Miller was subject to a Maine requirement that he register as a sex offender due to a 1996 conviction for child molestation in Washington state. Penquis notified Miller that it was terminating his voucher for program fraud, among other reasons, and the state housing authority convened an informal hearing to comply with its due process obligations.

Termination of Assistance

The hearing officer decided that Penquis failed to show facts sufficient to terminate the voucher because Miller had not made an affirmative false representation and because he wasn't made aware of any obligation to disclose his sex offender status. The hearing officer also decided that Miller's criminal act of failing to register was not a threat to the public health or safety because no evidence was offered concerning anyone living in the vicinity of his new residence.

Penquis subsequently gave Miller another termination notice, contending that Miller had engaged in violent criminal activity, in violation of Section 8 regulations, and citing the facts underlying the 1996 child molestation conviction.

The hearing officer again denied the termination of benefits, concluding that the regulations applied only to criminal activity during Section 8 program participation.

The hearing officer also concluded that the record did not establish by a preponderance of the evidence that Miller was subject to a lifetime sex offender registration requirement since a Washington court could lift that requirement.

The housing authority subsequently notified Miller that it was not bound by the hearing officer's decisions because they were contrary to federal and state law and HUD regulations, and it terminated his voucher assistance.

Miller then brought the instant civil rights action, claiming that the housing authority and Penquis deprived him of property without due process and that the termination of his housing assistance violated his rights under the Section 8 program.

The defendants filed a counterclaim for unjust enrichment, seeking to recover the funds provided to Miller under the voucher program, and both sides moved for summary judgment.

Magistrate Judge's Recommendation

The magistrate judge first noted that under 24 C.F.R. Section 982.555(f), a housing authority is not bound by a hearing officer's decision if the decision is contrary to HUD regulations or federal, state, or local law.

The judge also pointed out that under 24 C.F.R. Section 982.553(a)(2), PHAs are required to deny admission to the voucher program if a person is subject to a lifetime sex offender registration requirement. In addition, the judge explained, 24 C.F.R. Section 982.553(c) authorizes termination of benefits if a PHA determines that a voucher holder has engaged in criminal activity referred to in Section 982.553, including criminal activity resulting in a lifetime registration requirement.

Reading the rules on denial of admission and termination of benefits together, the magistrate judge construed them to mean that a lifetime sex offender registrant must be denied admission to the voucher program and that if he is erroneously admitted, a PHA may terminate his assistance.

Registration Requirement

The magistrate judge also concluded that Miller is subject to a lifetime registration requirement under the Maine sex offender registration program. Under the Maine program, a person is either a 10-year registrant or a lifetime registrant. M.R.S. Section 11225-A provides that a person sentenced as a sex offender in another state and moving into Maine is required to register for 10 years if the sentence was for a specific period or years and for life if a lifetime registration requirement was imposed.

In this case, Miller is subject to an indefinite registration requirement, but may petition a court for relief after 10 years. The magistrate judge acknowledged that Section 11225-A doesn't resolve his Maine registration requirement, but said clearer guidance is provided by Section 11203, which applies lifetime registrant status to persons convicted of a sexually violent offense, including unlawful sexual contact with a child under 12. In Miller's case, the victim was 10.

Accordingly, the magistrate judge concluded, it was an "error of law" for the hearing officer to reject the housing authority's core contention that Miller is subject to a lifetime registration requirement in Maine. The judge found that the authority was acting within its discretionary authority in terminating Miller's benefit and recommended that the court grant summary judgment for the defendants on his civil rights claims.

The magistrate judge also recommended that the court decline to exercise supplemental jurisdiction over the authority's counterclaim under state law for unjust enrichment, through which the authority is seeking to recoup \$8,104 in Section 8 benefits received by Miller.

Courts in Brief

A rent leveling board's determination that a landlord had imposed an excessive and illegal rent on a tenant does not preclude the tenant's claim under the New Jersey Consumer Fraud Act based on that finding, the New Jersey Superior Court, Appellate Division, ruled. (*Patel v. Matthews*, 2008 WL 4287302 (N.J.Super.A.D.), September 22, 2008)

The court explained that the goals of the fraud act are not inconsistent with the goals of the rent leveling board and the board's enforcement provisions aren't as extensive or effective as the provisions of the fraud act. Accordingly, it upheld the trial court's ruling granting monetary relief to the tenant based on the rent overcharge.

The New York Supreme Court, Appellate Division, First Department, upheld the termination of a Section 8 tenant's assistance by the New York City Department of Housing Preservation and Development for misrepresenting his resident adult son's employment status and the overall household income in a 2006 recertification. (*Alarape v. New York City Department of Housing Preservation and Development*, 2008 WL 4426019 (N.Y.A.D. 1 Dept.), October 2, 2008)

The court found that the termination was supported by substantial evidence and that the penalty imposed was not so disproportionate to the offense as to be shocking to a sense of fairness.

A fair housing organization lacks standing to challenge the award of low-income housing tax credits, the U.S. District Court for the Southern District of Florida ruled. (*Fair Housing Center of the Greater Palm Beaches, Inc. v. Cornerstone Residential Management, LLC*, No. 05-80954-Civ., 2008 WL 4346793 (S.D.Fla.), September 17, 2008)

The plaintiff asserted that since its members paid federal income taxes, it had a legally cognizable interest in ensuring that the defendant complied with fair housing laws in its use of tax credits.

The court rejected that argument. "Plaintiffs do not stand to benefit from the relief they seek," the court explained. "The most they can realize is the satisfaction that federal funds are not misused. Absent statutory authorization, this is not enough to confer standing."

NAHRO Monitor: October 15, 2008

Stimulus Bills Include Public Housing Funding

On Sept. 26, prior to congressional adjournment for the November elections, both the House and Senate voted on economic stimulus and supplemental appropriations bills developed by Democratic leaders in both chambers. While the House and Senate bills differed in a number of ways, both provided over \$55 billion in supplemental funding focused on job creation and infrastructure development, and both attempted to shore up critical safety net programs in the face of the current recession. Thanks to vigorous advocacy by NAHRO and its members, both bills contained substantial supplemental funds for public housing operations and capital needs. While this is a significant step forward in NAHRO's overall advocacy effort to address long-term disinvestment and under-funding in the public housing program, the House (which approved their bill by an overwhelming margin) and the Senate unfortunately failed to reach agreement prior to adjournment. The Senate failed to obtain the necessary 60 vote majority to proceed.

The House stimulus package, H.R. 7110, provided \$1 billion in Public Housing Capital Funds as part of its infrastructure investments initiatives. By comparison, the total FY 2008 appropriation provided \$2.4 billion in Capital Funds. The supplemental funding would be distributed through the 2008 formula. The language contained in H.R. 7110 made clear that local agencies would have to prioritize projects for which they could obligate funds within 120 days.

The Senate stimulus package (S. 3604) contained \$450 million for public housing. This included \$250 million for the Capital Fund and \$200 million for the Operating Fund. The language of S. 3604 is different from H.R. 7110 in that it stipulated that capital funds would be prioritized for PHAs rehabilitating vacant units and operating funds used to offset energy-related costs. The bill also provided \$200 million to assist renters who are displaced due to foreclosures. This assistance would be administered by PHAs and other community providers.

The House passed its \$60.2 billion stimulus package by a vote of 264-158. As noted, the Senate bill failed to gain the 60 votes needed on a procedural motion to let the measure come up for a vote. The motion to proceed was defeated 52-42.

The failure of the Senate bill to proceed likely means that Democratic leaders will continue to face an uphill climb should they attempt to move this legislation during a lame-duck session in November. However, the current state of emergency with respect to the economy may force some members who originally voted no on Sept. 26 to reassess their vote. Meanwhile, the White House had been opposed a second stimulus. In light of current developments over the last two weeks, the administration may also now be forced to reassess. NAHRO will continue to monitor this story and keep members informed of any potential movement. On Oct. 8, House Speaker Nancy Pelosi hinted that the House may change course and return to Washington to convene a lame-duck session, during which Pelosi said Congress may try again to move a stimulus package.

NAHRO is very pleased to see these congressional commitments to preserving public housing. Even if the stimulus does not go forward this season, we can be heartened with the knowledge that our efforts to move the stimulus forward with public housing in it will matter during discussions regarding the final FY 2009 appropriations bills and other funding measures to come.

Since July, NAHRO has advocated for \$1 billion in supplemental funding for public housing: \$500 million each for the operating and capital funds. NAHRO member advocacy contributed to two successful sign-on letters to appropriators in support of this funding: an Aug. 1 Senate sign-on letter initiated by Senators Schumer (D-N.Y.) and Snowe (R-Maine) and a Sept. 5 House letter initiated by Rep. Waters (D-Calif.). Thanks again to all our members who have worked so hard to raise awareness about the needs of public housing.

NAHRO Comments on Streamlining Public Housing

On Oct. 6, 2008 NAHRO filed a comment relating to the proposed rule to streamline the public housing regulations published in early August. NAHRO praised the effort generally and was supportive of the specific changes proposed. These include simplification of the agency plan regulations at 24 CFR part 903 as they relate to poverty deconcentration and resident organizations, allowing PHA-controlled entities to act as general contractors under the Part 941 regulations, and elimination of the part 945 regulations relating to designated housing for elderly and disabled persons as obsolete. The comment was supportive of some but not all of the proposed changes to the public housing lease and grievance regulations at 24 CFR Part 966,

urging that amendments to these regulations be approached with due caution.

To read the comment in full, see
www.nahro.org/members/news/2008/streamline_comment.pdf.

One Strike Bill Introduced

Rep. Sheila Jackson-Lee (D-Texas) introduced the "No One Strike Eviction Act of 2008" on Aug. 1, 2008. Co-sponsors of H.R. 6785 are Reps. Barbara Lee (D-Calif.), Diane Watson (D-Calif.), Lynn Woolsey (D-Calif.), and Gregory Meeks (D-N.Y.). The bill has been referred to the House Committee on Financial Services.

The bill would amend section 6(k) of the U.S. Housing Act of 1937 to provide that an eviction or denial of tenancy would be subject to review by the Secretary, subject to consideration of "all mitigating circumstances and the impact of the eviction, termination, or denial upon the family and dependents of that person." The bill stipulates further that "a tenant shall not be subject to eviction, denied a tenancy, or have a tenancy terminated based solely upon the familial relationship of the tenant to a person who has been convicted of a criminal offense."

H.R. 6785 would also amend section 576 of the Quality Housing and Work Responsibility Act of 1998 (QHWRA) to provide that the ineligibility of applicants because of prior eviction for drug crimes or due to illegal drug use or alcohol abuse shall apply solely to individual persons making application and not the other members of the household. It also provides that "the denial of an application under this section [of QHWRA] shall be subject to review" and that "nothing in this section shall allow for the denial of an application based solely on the familial relationship of an applicant to a person who has a criminal conviction or is otherwise in violation of this section." The bill proposes amending section 577 of QHWRA to incorporate identical language with regard to terminations of tenancy.

Finally, H.R. 6785 specifies that intent or knowledge of a crime must be established before a tenant can be evicted from or denied admission to public and publicly assisted housing.

Bill Introduced To Improve REAC Inspections

On Aug. 1, 2008, Rep. Yvette Clark (D-N.Y.) introduced H.R. 6803, the "Real Estate Assessment Center Inspection Improvement Act of 2008." The stated purpose of the bill is to "improve inspections of public housing and federally assisted multifamily housing conducted by the Real Estate Assessment Center of the Department of Housing and Urban Development."

The bill directs the HUD Secretary to work with PHAs and owners to improve HUD's REAC activities and to develop "a detailed process to improve planning and preparation for inspections." It would require REAC to schedule inspections on a date that is "mutually agreeable" to the PHA or owner, to provide owners with adequate time in advance of the inspection to notify REAC of units that are offline, and to permit the PHA or owner to select their inspector "from a list of qualified, participating inspectors developed and provided by the Secretary." High-performing agencies would be subject to inspection every three years.

The bill specifies that deficiencies "on items not owned or controlled by the public housing agency" would be identified during inspection but not scored, and that any assessment "shall factor the impact, with respect to a public housing agency, of any chronic under-funding of the Public Housing Operating Fund and the Public Housing Capital Fund and any detrimental effects that successive years of under-funding have had [on] the agency's ability to adequately maintain the physical condition of public housing." It directs that REAC scores should be prorated to reflect such under-funding.

The bill provides that if a PHA property fails a REAC physical inspection, the owner will have an opportunity to cure deficiencies and request a reinspection before a final score is issued. It also would require that HUD make available "to personnel of all public housing agencies throughout the Nation, by use of the World Wide Web or other electronic means," the three-day REAC physical inspection training for non-inspectors. Lastly, the bill proposes to establish an advisory committee "to review and make recommendations for revising, as necessary, the Real Estate Assessment Center scoring system." The bill has been referred to the House Committee on Financial Services.

City wants some Section 8 payments stopped

*This story appeared in the Antelope Valley Press
Saturday, October 18, 2008.*

By BOB WILSON
Valley Press Staff Writer

LANCASTER - The city has asked the county to immediately suspend Section 8 payments to the owners of 1,346 rental properties lacking proper municipal licenses.

The request was made in a letter sent Tuesday by City Manager Mark Bozigian to William Huang, acting executive director of Los Angeles County's Housing Authority.

The letter was one of several subjects discussed Thursday at the initial meeting of the Lancaster's new Section 8 Commission, created this year to generate community interest and support for a local housing authority holding power over Section 8 housing in the Antelope Valley.

Lancaster officials are contending such an agency is needed in order to reduce crime and increase property values.

City staff have identified approximately 12,000 rental properties among the approximately 46,000 homes, condominiums and apartments available in Lancaster.

Of those 12,000 rental properties, staff identified 2,069 as being eligible to house Section 8 tenants, Bozigian's letter showed.

Of the 2,069 Section 8 properties, only 697 have the rental housing business licenses required by Lancaster's municipal code, Bozigian said. Twenty-six properties have had the proper licenses in the past, but the owners have allowed them to lapse, the city manager said.

The remaining 1,346 properties do not have the business licenses required for owners who rent to others, he said.

"As property owners in the Los Angeles County Section 8 program are required to comply with local laws and regulations, it is hereby requested that all payments to Section 8 property owners without a current Lancaster rental housing business license immediately cease," Bozigian said in his letter to Huang. "Please respond back to me as to the date when payments to the out-of-compliance property owners will cease."

A message left Friday requesting comment from Huang or his staff drew no immediate response.

Bozigian on Friday said county housing officials responded Wednesday "and said they're working right on it, and they asked for some additional information from us."

"It's pretty clear: A requirement of the (Section 8) program is that you have to be in compliance with all laws, including local laws. These property owners that we've identified are not in compliance with local laws. They are not eligible for the program," Bozigian said.

The city would not look favorably on any attempt by the county to allow additional time for the owners of the 1,346 properties to obtain the proper municipal licenses, he said. "That would not be our desire, and that wouldn't be acceptable to us."

Bozigian said the city would have to investigate whether the specific information about the 1,346 properties could be released to the public because of concerns about privacy rights.

However, "there are not 2,069 separate owners" for each of the 2,069 Section 8 properties identified by the city, he said.

"There is some level of single owner, multiple properties."

Councilwoman Sherry Marquez, who was assigned the task of establishing the Section 8 Commission, said she is "extremely happy and excited" to see the panel moving forward.

The seven members of the commission "are raring to go," Marquez said. "The commission is going to be the one to sell this to the community."

Because of the creation of the commission and the planned housing authority, "For those people that are here in the Antelope Valley and are frauding or abusing the privileges they have with that Section 8 voucher, I would advise them that maybe they just need to go ahead and leave the Valley before we take this (program) over and administer it ourselves," the councilwoman said.

"Because if they are frauding, then we are going to find out who they are, and they are going to lose their voucher. We are very serious about that," she said.

The city's findings are an indication the county's Housing Authority is failing to enforce the provisions of the Section 8 program, Marquez said.

"If they've missed something like this, what else have they missed? ... That's why we're going to take it over."

Renters found defrauding the Section 8 program not only will lose their vouchers but "will be subject to the full prosecution we are allowed under the law," Bozigian said. "We are not looking to do anything unfair here. We're just asking people to be good citizens, and quite honestly, there have been some that have been horrible citizens," he said.

Bret Banks, who was picked to chair the Section 8 Commission, said its members are in the process of learning as much as they can about Section 8 rules and regulations.

The board is composed of Banks, Gene Gaynor, Larry Grooms, LeeRoy Halley, Risa Shelper, Tim Sturtevant and Perry Watkins.

Its next meeting will begin at 5 p.m. Tuesday, Dec. 2 in City Council chambers at City Hall, 44933 Fern Ave.

By that time, a study concerning the ramifications of establishing an independent housing authority in the Antelope Valley should be complete, Bozigian said.

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a significant amount of time for states and communities to draft, design, and implement comprehensive rebuilding plans and draw down funds to support rebuilding in disaster areas.

The department noted, for example, that 46 percent of all supplemental disaster funding provided to the Gulf states affected by the 2005 hurricanes has yet to be spent. HUD said this spending pattern has been evident after most natural disasters.

"HUD believes this rescission carefully balances the needs of all Americans it serves," the department said. "Filling the rescission gap in this manner is responsible. The determination permits disaster assistance to continue to flow unhindered while not harming senior and disabled Americans in the long term."

HUD said that the alternatives to rescinding disaster assistance would have had a negative effect on housing for low-income households. The rescissions that HUD considered would have eliminated funding for the production of approximately 2,313 Section 202 units and 420 new accessible units for persons with disabilities. The typical Section 202 resident is a 74-year-old widow with an income below \$10,000 per year, while the Section 811 program houses a population with an average income of \$9,875.

HUD said the homeless assistance grant reduction would have meant that roughly 7,000 adults and children would have lost supportive services that keep them off the streets.

SECTION 8

HUD Plans to Issue Proposed Streamlined Voucher Rule to Improve Cost Effectiveness, Program Flexibility

HUD plans to publish a proposed regulation to streamline the Section 8 voucher program to lift some of the regulatory burden from housing authorities and improve cost effectiveness, according to Paula O. Blunt, HUD general deputy assistant secretary for public and Indian housing. The Office of Management and Budget (OMB) is currently reviewing the rule.

Blunt discussed the regulation, along with other program issues, at the Quadrel Consulting Section 8 voucher conference on October 16.

"The challenge is to strengthen and reform the program so it will continue to serve low-income families in the future," said Blunt. Congress hasn't passed HUD's proposed legislative reforms so the alternative is to provide some regulatory relief for housing agencies that often are hard-pressed to meet local housing needs with unpredictable funding levels each year, she said.

A goal of the proposed regulation, according to Blunt, is to provide a predictable level of funding through the allocation formula. In years when the amount of funding has been uncertain, PHAs have been cautious and left funds unspent at the end of the program year, she said. Blunt noted, however, that HUD cannot change the current rent and income requirements, which are statutory.

Blunt also said that HUD's Office of Policy Develop-

ment and Research plans to conduct a Section 8 administrative fee study to determine the administrative costs incurred by a well-performing housing authority. The plan is to establish a baseline of costs and then for researchers to review the change in costs over time.

Anticipated Funds

Looking ahead to 2009, Blunt said that the current continuing resolution (CR) provides PHAs with the same amount of monthly assistance through March 6, 2009, as they will receive for December 2008. The CR also contains \$85 million for new Section 8 vouchers, including administrative costs, for households whose assistance under the disaster housing assistance program (DHAP) would otherwise end on March 1, 2009. HUD plans to soon issue guidance on the transition to these vouchers, she said.

In a report on the Family Self-Sufficiency (FSS) program, Blunt said that as of calendar 2007, a total of 33,000 families who had enrolled in the program for at least one year reported increased incomes. In addition, 2,900 families have completed FSS contracts. "We know that FSS positively affects the lives of voucher families," said Blunt. "The program has done a tremendous job and I am very proud of it."

In other voucher news, Blunt also said that 131 housing authorities have teamed with the Department of Veterans Affairs to provide vouchers through the Veterans Affairs Supportive Housing (VASH) program. In this program, HUD issues vouchers to veterans after they have received medical treatment. The fiscal 2008 appropriations bill provided \$75 million for about 10,000 VASH vouchers.

In a separate session, David Vargas, Section 8 program administrator, said that no matter what happens with funding in 2009, the program faces a huge challenge in fiscal 2010, when the full impact of renewing 30,000 vouchers created in fiscal 2008 will be felt. These include vouchers for VASH, natural disasters, and tenant protection and relocation. Since 2001, the program has grown from 1.3 million vouchers to over 2 million, Vargas noted.

Funding Allocations

However, PHA staff members remain concerned about getting through next year, with one pointing out that he won't know his PHA's annual allocation until several months into the calendar year.

Vargas admitted that unpredictable funding remains a frustration for housing agencies, and he recommended that housing authorities closely monitor their monthly costs to ensure they are using all their funds efficiently. Since appropriations are usually not enacted until after the start of the fiscal year, PHAs should simply learn to manage for this risk, he said.

Vargas reminded housing agencies that any excess funds remaining at the end of the year are likely to be recaptured through a reduction in a PHA's net allocation for the next year.

OIG Audits

In another matter, Vargas noted that the HUD Office of

Inspector General (OIG) has focused on housing quality standards (HQS) and rent reasonableness in its audits of housing authorities. He reminded PHAs that they have to deal with these issues as the program moves forward.

However, one housing authority said that the OIG would not accept rent reasonableness based on the comparable rent for market-rate units in the same project, but insisted on using comparable rent for the neighborhood.

Vargas said that, in his opinion, the OIG should have accepted the housing authority's rent reasonableness determination if it was properly documented. He said that his office is willing to help PHAs deal with the OIG on this issue, and he noted that auditors will sometimes change their findings if PHAs can provide good reasons.

Housing Foreclosures

A Quadel staff member asked if there is any way to develop a system which identifies Section 8 tenants who may be evicted when there is a foreclosure. Vargas said he is open to recommendations, but it would be difficult to do this without significantly expanding the scope and the cost of administering the Section 8 program.

The Housing Authority of the City of Las Vegas (HACL) receives notice of foreclosures from an area law firm, which allows the authority to identify which properties have Section 8 tenants, a HACL official said. HACL works with the law firm to keep the tenants in place.

The Quadel conference also heard from Michael R. Kelly, executive director of the District of Columbia Housing Authority (DCHA), who said that there is a need not only for streamlined Section 8 regulations but also for legislative reforms.

Kelly also said that vouchers play a key role in preserving public housing and in helping families move to neighborhoods with better opportunities.

Kelly said that the Washington city government and the DCHA are attempting to help reduce the waiting list for vouchers and public housing by providing city funds for a local voucher program.

SECTION 8

Consolidated Audit Guide Adds Multifamily Compliance Items

Revisions to the HUD Office of Inspector General (OIG) consolidated audit guide will increase the scope and cost of independent audits of HUD-assisted multifamily properties with for-profit owners and managers. The guide changes add compliance items that include tenant security deposits, the handling of cash, and equity skimming, along with procedures for existing audit areas.

Wendell Conner of the HUD Real Estate Assessment Center (REAC) conducted a briefing on the guide at the National Leased Housing Association (NLHA) fall seminar. The guide allows for project-based sampling for owners of multiple properties. Nonprofit owners remain subject to audits conducted according to OMB Circular A-133 and related guidance.

The new multifamily chapter in the audit guide (Handbook 2000.04 Rev. 2, CHG-7), has been available since

July, and the audit changes are effective for fiscal years ending on December 31, 2008. (The guide is available at www.hud.gov/offices/oig.)

Additional Work

Also at the meeting, Marc Podnos, a CPA with the Reznick Group, estimated the requirements will add eight to 20 additional hours billed for the annual audit. Podnos said that the number of procedures required by the new audit have roughly doubled and that the amount of time will vary depending on the auditor.

In addition, Conner said that the impact on owners will include increased audit fees, additional data requests, more time spent on site by audit teams, and a potential increase in audit findings leading to a greater focus on addressing corrective action.

The new audit guide incorporates REAC reporting requirements and standardizes compliance testing. The audit is conducted on a project-by-project basis, but owners or managers with multiple properties may choose project-based sampling for groups of properties for three compliance areas: tenant application, eligibility, and recertification; tenant security deposits; and management functions. All other compliance areas are tested at the project level.

Attribute Sampling

For project-based sampling, each compliance requirement selected for testing is considered a separate population. The sampling method used requires a sample size of 25 to 50 items for each population to achieve a 90 percent confidence level. The selected sample could be used to test multiple attributes within each compliance requirement. Podnos said that the sampling method can result in a large number of items used per project group.

In addition, Conner said that the selection of project groups will require the active participation of owners or managers who must sign off on each group. The properties placed in a group can affect the results for each project in the group. For instance, distributing poor performers among different groups will result in lower scores for each group than they would otherwise have, he said. Project-based sampling may be used if the same system is used by all projects that have the same supervisor and same procedures. No internal control weaknesses can exist in any of the projects.

The new compliance requirements include tenant security deposits, equity skimming, cash receipts and disbursements, testing to confirm that 40 percent of project units are leased to extremely low-income families, and reviewing requirements of the mark-to-market program. The guide provides a definition of equity skimming and Appendix B provides examples.

Interest Reduction Payments

Section 236 decoupling projects will have additional compliance testing, including examination of the interest reduction payments (IRP) agreement, any use agreements, and Housing Notice 2000-08, which provides guidance on the continuation of IRP after a refinancing. Sample tenant files must be examined to determine if the owner complies with low-income affordability restrictions.

COURTS



SECTION 8

Federal Law Preempts New York City Ordinance Restricting Owner's Right to Withdraw from Program

Federal law preempts New York City Local Law 79, which forces a Section 8 project owner to choose between remaining in the program or offering to sell the property at a rate determined by appraisers, ruled the New York Supreme Court, Appellate Division, First Department. (*Mother Zion Tenant Association v. Donovan*, 2008 WL 4471455 (N.Y.A.D. 1 Dept.), October 7, 2008)

In August 2005, the New York City Council, over a mayoral veto, enacted Local Law 79, which requires owners of assisted rental housing, including Section 8 and Mitchell Lama projects, to give tenants and the New York City Department of Housing Preservation and Development (HPD) one year's notice of intent to withdraw from the program and to give the tenants either a right of first refusal to purchase the property at the price offered by a bona fide purchaser approved by the HPD or a right of first opportunity to purchase the property at an appraised value set by a three-member advisory panel.

Shortly after Local Law 79 became effective, an owner notified its tenants that it would follow federal opt-out provisions and not renew its Section 8 contract the following year. The tenants formed the Mother Zion Tenant Association and notified the owner that they intended to invoke the right of first opportunity in Local Law 79. However, HPD and the owner took the position that federal and state law preempted Local Law 79. The tenants filed this action, seeking the court's declaration that the owner is subject to Local Law 79.

Court Ruling

The court said the fact that both Local Law 79 and federal laws pertaining to Section 8 have the similar goal of providing affordable housing for low-income people did not resolve the preemption question, as plaintiffs asserted.

The court said the local law's requirement for owners to remain in Section 8 or sell their property to tenants at a price set by a panel of appraisers conflicts with federal law, which makes participation in the program voluntary, with inducements to encourage owners to stay in.

The court noted that the city enacted Local Law 79 to nullify the federal provision allowing owners to withdraw voluntarily from the Section 8 program. Plaintiffs' characterization of Local Law 79 as "affording 'additional protections' does not disguise...actual conflict with the federal laws," said the court.

The court suggested that the city could have enacted additional safeguards that are not inconsistent with federal law, such as tax breaks, to make continued participation more attractive.

Congressional Intent

However, "converting a voluntary federal program into a mandatory one would frustrate congressional objectives," the court said. The court also suggested that Local Law 79 could have the effect of discouraging owners from initial participation in Section 8, which would also conflict with congressional goals.

The court rejected cases cited by the plaintiff to support their view that Local Law 79 is consistent with federal law. "To the extent *Kenneth Arms Tenant Assoc. v. Martinez* (2001 U.S. Dist LEXIS 11470 [ED Cal 2001]) can be read as conferring on states an unfettered ability to impose restrictions greater than those imposed by federal law, we decline to follow it..." the court said.

The court added that it found the Eighth Circuit's contrary reasoning in *Forest Park II v. Hadley*, 336 F.3d 724 (2003), more persuasive.

The court affirmed the dismissal of the proceeding.

SECTION 8

Court Upholds Termination Of Project-Based Assistance

The U.S. District Court for the Western District of Pennsylvania upheld HUD's termination of the project-based Section 8 contract on an FHA-financed cooperative, rejecting residents' claims that the department violated requirements for the management and disposition of the property, including continuation of the project-based assistance. (*Massie v. HUD*, Civil Action No. 06-1004, 2008 WL 4443830 (W.D.Pa.), September 26, 2008)

After the property failed multiple inspections, HUD abated the Section 8 assistance for all units on November 10, 2004. On March 10, 2006, HUD terminated the housing assistance payments (HAP) contract. The department acquired the project at a foreclosure auction on October 26, 2006, and immediately transferred it to the Urban Redevelopment Authority of Pittsburgh (URAP).

The contract of sale required URAP to relocate all remaining residents to alternative decent, safe, and sanitary housing within 12 months; comply with all relevant housing statutes and regulations; reimburse residents for reasonable moving expenses, including expenses associated with returning to the project after its redevelopment; and provide advance written notice of any expected displacement. At the time of the sale, only 14 residents remained in the project.

The plaintiffs, a class of project residents, filed suit challenging HUD's actions. After initially dismissing the complaint, the court granted the plaintiffs' request for reconsideration and reopened the case on their claims for violation of a statutory requirement to maintain project-based Section 8 assistance, failure to comply with HUD's own management and disposition regulations, and violation of due process.

Project-Based Section 8

The Section 8 claim involved Section 311 of Pub. Law, 109-115, which states that in managing and disposing of any HUD-owned or HUD-held multifamily property in fiscal 2006, the department was required to maintain any project-based Section 8 assistance.

If the department determined that maintaining project-based assistance was not feasible, it could contract for project-based assistance on other properties or provide other rental assistance to the tenants.

The court dismissed this claim, holding that since all Section 8 assistance was abated as of November 10, 2004, no rental assistance was attached to any of the units in fiscal 2006. Accordingly, the court said, HUD did not violate Section 311.

Management Regulations

The plaintiffs also contended that HUD violated its own property management and disposition regulations by failing to reasonably preserve the property, minimize the displacement of residents, and provide relocation assistance at levels required by the Uniform Relocation Act (URA).

Considering the first issue, the court noted that the co-op, as owner of the property, was contractually obligated to maintain it in a decent, safe, and sanitary condition.

The court found nothing in the HAP contract or any statute or regulation indicating that HUD assumed that responsibility by abating rental assistance payments. Therefore, the court said, the plaintiffs' claim for failure to properly maintain the property fails.

The court also rejected the displacement claim, finding that the plaintiffs did not qualify as displaced persons under the URA regulations because they were not required to relocate.

The court noted that the final property disposition plan required URAP to make an effort to allow tenants to return after redevelopment of the property.

Similarly, the court said, because they were not classified as displaced persons, the plaintiffs were not entitled to URA-level relocation assistance.

The court also found that the plaintiffs waived any potential right to claim a violation of due process by stipulating that they were relinquishing any ownership interests they may have had in the property in exchange for "certain benefits."

Accordingly, the court entered summary judgment for the defendants.

FAIR HOUSING

City Isn't Required to Accommodate Halfway Houses in Zone Where Occupancy Turnover Is Restricted

The reasonable accommodation provision of the Fair Housing Act does not require a city to allow high occupancy turnover in halfway houses for substance abusers in a zone where such turnover is restricted, the U.S. Court of Appeals for the Eleventh Circuit ruled. (*Schwarz v. City*

of Treasure Island, No. 07-14761, 2008 WL 4498944 (11th Cir.(Fla.)), October 8, 2008)

However, the court remanded for reconsideration of the reasonable accommodation claim for houses in another zone where rapid turnover is allowed for certain properties.

Gulf Coast Recovery, Inc. and its principal, Mark Schwarz, operate six halfway houses in the city of Treasure Island, Fla., as temporary residences for recovering drug and alcohol abusers who are receiving outpatient rehabilitation services at Gulf Coast's treatment facility.

Turnover Restrictions

Four of the halfway houses are located in RM-15 zoning districts and two in RU-75 districts. While other Treasure Island zoning districts allow tourist dwellings, with unlimited occupancy turnover, RM-15 and RU-75 allow only residential dwellings, with restrictions on turnover in single-family and two-family dwellings. However, while RU-75 zones are restricted to single-family dwellings, RM-15 districts also allow multifamily dwellings.

After complaints about rapid tenant turnover at the halfway houses, where the average stay is six to 10 weeks, the city cited Gulf Coast for zoning violations. Gulf Coast, Schwarz, and several residents (collectively, Gulf Coast) then sued Treasure Island and its Code Enforcement Board (collectively, the city), alleging violations of the Fair Housing Act, the Americans with Disabilities Act (ADA), the Rehabilitation Act of 1973, and the equal protection clauses of the U.S. and Florida Constitutions.

The district court granted summary judgment for the city on all claims, and Gulf Coast appealed, arguing only its discrimination claims under the Fair Housing Act. Accordingly, the Eleventh Circuit limited its opinion to those claims.

Court Ruling

The court first held that, contrary to the district court's finding, the halfway houses are dwellings within the meaning of the Fair Housing Act.

The court noted that the act, 42 U.S.C. Section 3602(b), defines a dwelling as any building or portion of a building designed or intended for occupancy as a "residence," but neither the statute nor HUD regulations define "residence." Turning to the dictionary, the court found that a residence is defined as a temporary or permanent dwelling place, as distinguished from a place to visit.

In other words, the court explained, "the house, apartment, condominium, or co-op that you live in is a 'residence,' but the hotel you stay in while vacationing at Disney World is not."

Accordingly, the court concluded, the more occupants treat a building like their home and the longer a typical occupant lives in a building, the more likely it is that the building is a dwelling under the Fair Housing Act. Here, the court found that the halfway houses met the test.

However, the court upheld the district court's grant of summary judgment to the city on the claims of differential treatment of the handicapped and disparate impact on the handicapped, finding that Gulf Coast offered no evidence to support those claims.

Reasonable Accommodation

As the court explained, the central issue is whether the city violated the reasonable accommodation requirement of the Fair Housing Act by enforcing its occupancy turnover rule against the halfway houses.

The court agreed with the city that it would not be a reasonable accommodation to require the city to allow high turnover at the two houses in the RU-75 zones, where such turnover is not permitted at all.

However, the court said the city may have to accommodate the four halfway houses in RM-15 zones, which permit unlimited turnover in multifamily dwellings.

Section 3604(f)(3)(B) says a refusal to make a reasonable accommodation for a handicapped person is discriminatory when such an accommodation "may be necessary to afford such person equal opportunity to use and enjoy a dwelling."

Elements of Claim

Based on the language of the statute, the court said, the three elements of a reasonable accommodation claim are refusal, reasonableness, and necessity.

Here, court noted that the city refused to relax its occupancy turnover requirements, satisfying the first element.

As for the reasonableness of a requirement to modify a zoning ordinance, the court acknowledged a lack of guidance in the Fair Housing Act regulations or case law. Accordingly, it turned to its prior rulings on reasonable accommodations under the Rehabilitation Act and ADA.

In those cases, the court concluded that an accommodation would not be reasonable if it requires a fundamental alteration in the nature of a program which would eliminate an essential aspect of the program.

Applying that standard, the court agreed with the city that low turnover is an essential element of the RU-75 zones, since it helps achieve the goal of stable single-family neighborhoods.

However, the court added, since there is no turnover limit on multifamily dwellings in RM-15 zones, Gulf Coast could operate halfway houses in multifamily dwellings in those zones, and the only effect of the occupancy turnover rule is to bar halfway houses in the single-family houses Gulf Coast currently occupies.

Therefore, the court concluded, the low-turnover rule is not an essential aspect of RM-15 zones, and Gulf Coast has met the reasonableness requirement of its claim.

Determination of Necessity

The court then turned to what it called the "critical issue" of necessity, where it found the record to be incomplete.

The court rejected the district court's conclusion that Gulf Coast could not satisfy this element of the claim because it could operate high-turnover halfway houses in other zones in Treasure Island. The court explained that the issue is whether a handicapped person must be accommodated in the dwelling of his choice, rather than somewhere else in the municipality.

"But the necessity element does require Gulf Coast to show that living in the halfway houses addresses a need

caused by residents' addiction," the court added. "Because the district court did not review the record to determine whether a genuine issue of material fact exists about whether the halfway houses are 'necessary' in this sense, we are required to remand for further proceedings on this issue."

In reviewing this issue, the court said, the district court should consider whether relatively short-term stays in the halfway houses would provide therapeutic benefits that would contribute in a meaningful way to the substance abusers' recovery.

PUBLIC HOUSING

Settlement of Class Action Suit to Protect Rights of Mentally Disabled Tenants in Evictions Is Approved

The U.S. District Court for the Southern District of New York approved the settlement of a class action lawsuit seeking to protect the rights of mentally disabled public housing tenants in eviction proceedings. (*Blatch v. Martinez*, No. 97 Civ. 3918 (LTS/HBP), 2008 WL 4546531 (S.D.N.Y.), October 10, 2008)

After more than 10 years of litigation, discovery, and settlement discussions, parties in the suit brought by mentally disabled tenants and occupants of New York City Housing Authority (NYCHA) public housing who had been subject to eviction proceedings moved the court to approve a proposed settlement. The court can approve the settlement only if it is fair, reasonable, and adequate.

The proposed settlement requires the appointment of guardians ad litem for mentally incompetent persons in connection with termination of tenancy and remaining family member grievance proceedings, as well as communication of information regarding mental status in connection with Housing Court proceedings against residential tenants.

NYCHA must follow specific procedures when investigating mental status and making mental incompetency determinations. It also must follow these procedures for four years after the settlement and cannot change the procedures without the consent of the parties and the court.

Approval of Settlement

Because the parties reached the proposed settlement after complex, vigorously contested negotiations, relatively late in the course of the litigation, and after a lengthy opinion addressing the merits of the case, the court was convinced that class counsel was well informed of the relative strengths and weaknesses of the case.

The Legal Aid Society, which has extensive experience representing plaintiffs in class actions involving civil rights and public interests, represented the plaintiff class.

The court found that the proposed settlement was negotiated by "able and informed advocates on both sides and is presumptively fair."

The court also reviewed the nine factors in *City of Detroit v. Grinnell Corp.*, 495 F.2d 448 (2d Cir. 1974), to evaluate the proposed settlement. Although some were

not relevant to this case, the Grinnell factors take a comprehensive look at the risks of maintaining the class action through the trial versus the benefits achieved for the class through the settlement. The court reviewed the details of the settlement, noting that a trial on the remaining issues would have involved complex factual and legal issues entailing considerable time and expense, and further litigation would have involved additional discovery and expense. The court found that the settlement was fair to the class.

Positive Response

The class had reasonable notice of the settlement and most of the relevant response to the proposed settlement was positive. "The nature and extremely low number of responses to the settlement...weigh heavily in favor of the fairness of the settlement," said the court. In addition, the fact that discovery in the case has been completed also weighed in favor of approving the proposed settlement.

The court reviewed risks plaintiffs and defendants faced if they continued to trial and found the multifaceted settlement reasonable, which weighed in favor of finding it fair. Importantly, the court said, NYCHA also implemented key elements of the settlement, and the implementation has proven effective. In addition, no party has suggested alternative remedies that would be more appropriate.

As part of the settlement, NYCHA will pay attorneys' fees to plaintiffs' counsel in an amount determined by the parties; if they cannot reach an agreement, the court will set the appropriate amount.

After careful review of the terms of the settlement and considering the exhaustive process that led to the settlement, the court found the settlement fair, reasonable, and adequate and approved it.

FAIR HOUSING

Court Finds No Racial Animus In Demand for Move-In Fee

The U.S. District Court for the Middle District of Pennsylvania found no discriminatory racial animus in a landlord's requirement for potential tenants to pay a non-refundable move-in fee, attributing the action instead to the rental agent's unfamiliarity with the credit reporting system. (*Portis v. River House Associates, L.P.*, No. 06-cv-2123, 2008 WL 4452378 (M.D. Pa.), September 30, 2008)

Plaintiffs Bernice and John Portis completed a rental application at River House in Harrisburg, but when the leasing agent, Mary Thompson, was unable to obtain credit information about Bernice after multiple attempts, she informed the Portises that they would have to pay a 40 percent nonrefundable move-in fee. The Portises believed, based on advertisements and information Thompson provided, that their rent would not include a security deposit or other move-in fees.

The Portises decided not to rent an apartment at River House, and a week later, they successfully rented an apartment in the same area. The landlord at that development successfully ran a credit check on Bernice with the same credit company Thompson used. Plaintiffs concluded that

Thompson never really ran a credit check on them due to her racial animus. In fact, Thompson produced receipts that she attempted to process the credit check three times, but failed every time because she did not know how to use the system.

Prima Facie Case

Plaintiffs alleged violations of the Fair Housing Act, 42 U.S.C. Section 1981, and 42 U.S.C. Section 1982. The court used the McDonnell Douglas burden-shifting test and evaluated plaintiffs' claims based on the standards to establish a prima facie case under *Koorn v. Lacey Twp.*, 78 Fed Appx. 199 (3rd Cir. 2003).

Under *Koorn*, a prima facie case requires proof that plaintiffs are a protected class, they applied for and were qualified to rent or purchase housing, they were rejected, and the housing opportunity remained available. Since all parties agreed that plaintiffs satisfied the first and fourth factors, the court focused on the other two factors.

Defendants argued that plaintiffs' failure to complete the application process prevented defendants from judging whether plaintiffs were qualified, but the court said that was irrelevant. At the prima facie stage, the court explained, *Koorn* requires only that the plaintiffs were qualified to rent, not that the defendants knew they were qualified. The fact that plaintiffs immediately rented another unit indicated they were qualified to rent, the court said.

Defendants also argued that they did not reject plaintiffs' application, but that plaintiffs elected not to complete the rental transaction. While this is technically true, the court emphasized that the Fair Housing Act prohibits discriminatory terms in renting a dwelling. Plaintiffs asserted that Thompson's apartment complex was running a promotional rate when they tried to rent at her complex, and they were denied that rate. "Such rejection satisfied the third *Koorn* factor," said the court, which concluded plaintiffs established a prima facie case of discrimination.

Defendants' Burden

Under *McDonnell Douglas*, the burden shifted to defendants, requiring them to articulate a legitimate, nondiscriminatory reason for their conduct. Defendants introduced evidence that Thompson did not know how to run credit reports, even though she tried three times, as evidenced by invoices for the attempts. They also introduced evidence that the promotional rate the Portises claimed Thompson did not offer them was not in effect at the time they tried to rent the unit. Finally, defendants provided evidence that the rental terms offered to the Portises were the same as those offered to similarly situated individuals.

The court said that defendants' evidence was more than sufficient to provide a legitimate, nondiscriminatory reason for their conduct. The burden then shifted back to the plaintiffs to provide evidence that the articulated legitimate reasons were not credible or that discrimination was a more likely motivating factor in the defendants' conduct. Plaintiffs contended that Thompson's inability to obtain a credit check after three attempts was a deliberate attempt to undermine their application.

The court was not convinced. It concluded that Thompson's inability to obtain a credit report, because of her failure either to complete the credit survey correctly or to input Social Security numbers correctly, was not evidence of discrimination or pretext.

Finally, the court held that because plaintiffs failed to carry their burden under the McDonnell Douglas test, they also failed to carry their burden on their civil rights claims. The court granted summary judgment in favor of the defendants.

CONFERENCE PLANNER

November 20-21 — *Housing and Development Reporter* and The Institute for Professional and Executive Development, "Tax Credit Property Dispositions in 2008: Obligations and Opportunities Through Year 15 and Beyond," Boston. Contact (800) 473-3293 or (202) 331-9230.

OCTOBER

October 27-30

Urban Land Institute, 2008 ULI Fall Meeting and Urban Land Expo, Miami Beach. Contact (202) 624-7000.

NOVEMBER

November 5-7

Ohio Housing Finance Agency and Ohio Capital Corporation for Housing, 2008 Ohio Housing Conference, Columbus. Contact (614) 224-8446, (614) 728-4704, or (614) 387-2857.

November 6

Novogradac & Company, Tax-Exempt Housing Bond Application Workshop, Charlotte. This workshop will be

repeated **December 2** in Jacksonville. Contact (415) 356-7970.

November 19-21

U.S. Green Building Council, Annual Greenbuild Conference and Exhibition, Boston. Contact (800) 795-1747.

DECEMBER

December 3-5

Housing Assistance Council, 2008 National Rural Housing Conference, Washington, D.C. Contact (202) 842-8600, ext. 108.

December 4-5

Novogradac & Company, Property Compliance Workshop and Low-Income Housing Tax Credit Property Manager Certification Exam, Las Vegas. Contact (415) 356-7970.

Friday, October 31, 2008, Antelope Valley Press

Stolen, loaded gun found in Section 8 check; 1 arrested

LANCASTER — A Section 8 compliance check Wednesday at a residence resulted in an arrest and the seizure of a loaded, stolen firearm, which was found near a small child who was sleeping in one of the bedrooms, authorities said.

After receiving several complaints from residents about "gang types" living at the 300 block of East Lightcap Street, officials of the Los Angeles County Housing Authority, Los Angeles County Sheriff's Department COPS Bureau and Lancaster Sheriff's Station's High Impact Team went into the residence and found 12 adults and several small children inside, sheriff's officials said.

Deputies said several of the adults were positively identified as active gang members, most of whom are on parole and/or probation.

A man, whose name was not released but who is on probation, allegedly brought the firearm into the house, officials said.

He was arrested and has been charged with being a convicted felon in possession of a stolen firearm and several other firearm-related charges, authorities said.

Officials said Housing Authority investigators are proposing termination of the tenants' Section 8 housing assistance.

— DAISY RATZLAFF

dailynews.com

Mark Ridley-Thomas wins county supervisor race

By Troy Anderson, Staff Writer

Article Last Updated: 11/05/2008 05:50:48 AM PST

After one of the most expensive campaigns in Los Angeles County history, state Sen. Mark Ridley-Thomas won a seat Tuesday on the Board of Supervisors, beating Los Angeles City Councilman Bernard Parks.

With 100 percent of precincts reporting, Ridley-Thomas had 250,198 votes, or 61.4 percent, compared to 157,294 for Parks, representing only 38.6 percent of votes cast.

Parks and Ridley-Thomas were the top two vote-getters in a field of nine candidates in the June primary, but neither managed to secure the 50 percent of the vote needed to clinch the seat outright. In that election, Ridley-Thomas finished the night with 45.2 percent of the vote, while Parks had 39.8 percent - - roughly the same as he garnered in Tuesday's balloting.

The race, the first hotly contested supervisors campaign in more than a decade, has seen the candidates spend nearly \$3 million combined. That doesn't include nearly \$6 million in independent expenditures made on behalf of the candidates by unions and other organizations.

The campaign to fill the 2nd District seat held by retiring Supervisor Yvonne B. Burke attracted a large amount of money and attention because it could alter the balance of power on the influential five-member board at a time when the nation's largest county is facing reduced revenues and service cuts.

On controversial issues like union contracts, political observers say Parks would have been a swing vote, tilting the board toward a more conservative position. Since Burke was elected in 1992, the board's three Democrats have voted as a bloc, outnumbering the two Republicans.

Parks, 64, criticized Ridley-Thomas for his support from public employee unions concerned about maintaining and increasing salaries and pension benefits for their members.

Ridley-Thomas, 53, asked Parks to resign from the Metropolitan Transportation Authority board for allegedly accepting contributions from contractors who do business with the agency.

Ridley-Thomas, endorsed by Los Angeles Police Department Chief William Bratton, spent a decade as executive director of the Southern Christian Leadership Conference founded by Martin Luther King Jr. and has served on the City Council and in the state Legislature since 1991.

Parks, who was endorsed by Burke, Magic Johnson and the Los Angeles County Business Federation, spent 38 years with the LAPD and served as chief from 1997 to 2002.

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Ridley-Thomas aims for speedy transition

By Troy Anderson, Staff Writer

Article Last Updated: 11/05/2008 10:22:21 PM PST

As the first new member elected to the Los Angeles County Board of Supervisors since 1996, state Sen. Mark Ridley-Thomas said Wednesday his first order of business is to assemble an effective staff and focus on immediate needs in South L.A., including reopening Martin Luther King Jr.-Harbor Hospital.

Ridley-Thomas said he also plans to introduce an anti-crime initiative, advance an economic development agenda focused on green jobs, and address the foreclosure crisis, which has hit his district particularly hard.

"Therefore, you can expect an initiative from our office on the matter that increases the scrutiny of agents, brokers and speculators who do unscrupulous things in the real estate market only to harm unsuspecting borrowers," he said.

Ridley-Thomas, who has served on the Los Angeles City Council and in the state Legislature, garnered 61 percent of the votes in Tuesday's election against City Councilman Bernard Parks in one of the most expensive campaigns in county history.

Ridley-Thomas will replace Supervisor Yvonne B.

Burke, who has served as a county supervisor, congresswoman and state assemblywoman in a career dating to 1966. Her last day in office will be Dec. 1.

Burke, who has been asked by U.S. House of Representatives Speaker Nancy Pelosi to serve on a congressional ethics committee in Washington, D.C., recommended that Ridley-Thomas hire some of her staff. Her staff includes some who also worked for her predecessor as supervisor, the late Kenneth Hahn.

"I congratulate (Ridley-Thomas) on his election, and certainly we'll do everything to make sure there is an orderly transition," Burke said.

"I think he has to continue to address the issues of health care, particularly with King hospital, which I think is moving in a positive direction."

Bob Stern, president of the Center for Governmental Studies, said Ridley-Thomas enjoyed a resounding victory on Tuesday in a race in which public employee unions shelled out millions of dollars as independent expenditures.

"I think he's going to bring some new blood to the board," Stern said. "Clearly, he'll bring some labor union support to the board."

Supervisor Zev Yaroslavsky said he's known Ridley-Thomas for two decades and doesn't believe the unions' support will make him a rubber-stamp for labor issues and contracts.

"I have not known Mark to be a rubber stamp for

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anybody," Yaroslavsky said. "He's a politician, and he'll look at the political aspects of things, but he's also an intellectual and will look at the analysis on issues and act accordingly."

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Los Angeles Times

<http://www.latimes.com/news/local/la-me-housing5-2008nov05,0,7970096.story>

From the Los Angeles Times

Ex-L.A. Housing Authority executives are ordered to repay \$528,000

Jury finds former directors liable for mismanaging federal funds and improperly steering millions of dollars in contracts to a friend without holding a bidding process.

By Victoria Kim

November 5, 2008

A Los Angeles jury Tuesday found former city Housing Authority executives liable for mismanaging federal funds designated to help the poor get housing and jobs.

The panel concluded at the end of a five-week trial that former Assistant Executive Director Lucille Loyce and then-Executive Director Donald Smith should pay the agency \$528,000 for mismanaging taxpayer money and lying to the agency's board about it.

Neither Loyce nor Smith has been criminally prosecuted.

The agency sued the pair in 2006, alleging among other things that Loyce had wrongfully steered millions of dollars to her friend Dwayne Williams for "consulting" work. At the time, agency officials said the suit was filed to compel Loyce to pay back some of the public's money.

Williams, who was also sued, was dismissed from the case by a judge last year. An appeals court overturned that finding last week, clearing the way for the authority to sue Williams in state court.

"Justice has prevailed," said Rudolf Montiel, who became the head of the city's housing authority in 2004 after Smith was forced to resign and Loyce was fired following a federal audit. "We did something to protect the poorest of the poor."

Montiel added that the agency planned to file a civil action against Williams to recover millions that officials believe he received in illegal contracts.

"There's a whole lot of money that was improperly paid to Mr. Williams that could have gone to low-income housing in Los Angeles," Charles Slyngstad, an attorney for the Housing Authority, said after the verdict was read.

Attorneys for Loyce and Smith denied any misconduct, and in trial told jurors that Loyce had hired Williams to help minority businesses get contracts with the city. They portrayed Loyce as a self-made woman who was discriminated against because she was the only black woman in the agency's top leadership.

"To say this was some kind of scam to get around the board was worse than ridiculous," Samuel Wells, Loyce's attorney, told jurors. Loyce cried in the audience, sniffing and blotting her eyes.

Loyce countersued the department, alleging discrimination and whistle-blower retaliation. The jury rejected those claims, Slyngstad said.

In the initial lawsuit, the agency's attorneys alleged that Loyce and Smith had awarded millions of dollars in contracts to Williams' company without an open bidding process. Loyce and Williams had previously worked together for years in Milwaukee. Loyce was forced out of the housing authority there on suspicions that she was improperly providing funds to Williams, according to the lawsuit.

"One contract led to another, then another, then another," Slyngstad told jurors during the trial, saying Loyce and Smith acted to "permit and help Dwayne Williams to defraud the Housing Authority."

No criminal charges have been brought against Williams.

Kim is a Times staff writer.

victoria.kim@latimes.com

Times staff writer Jessica Garrison contributed to this report.

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Advocate

Public Housing Authorities Directors Association

Volume 23, Number 19

www.phada.org

November 5, 2008

HUD Releases Study of Assisted Renters and Units *Public Housing Still Best Buy for Lowest Incomes*

Earlier this year the HUD Office of Policy Development & Research released a study entitled *Characteristics of HUD-Assisted Renters and Their Units* in 2003. The report provides summary information about renters and the condition of their rental units under three HUD programs – Public Housing, Section 8 Housing Choice Vouchers and privately owned assisted housing. The study is divided into five sections that examine: 1. characteristics of householders, 2. the composition and financial characteristics of households, 3. structural characteristics and location of units, 4. the condition of units, and 5. tenants' opinions of their units and neighborhoods.

Public housing, serves the lowest-income households while also charging less for rent. The median monthly housing cost for public housing (2003) is \$227, while the voucher median monthly cost is nearly twice as expensive at \$437.

The report is the fourth in a series to use HUD program data matched with household data from the Census Bureau's biennial American Housing Survey (AHS). The most recent prior release of the "Characteristics" study was in 1997 when HUD reviewed 1993 data. The 2008 release is based on 2003 data covering rental units in all fifty states and the District of Columbia. It excludes housing assistance programs in Puerto Rico, Guam and the Virgin Islands because these jurisdictions are not included in the American Housing Survey. Moving To Work housing authorities that are not required to report individual data to HUD had their public housing units (but not their vouchers) added to the study using households that lived in an MTW area and could be matched to 1995 HUD data (addresses).

Renter Household Universe

The study begins by framing the nation's rental housing need by pointing out that there are 33.6 million renter households in the country and of those 16.6 million (49.3%) households are "income eligible" (very-low income VLI- below 50% of the area median income) for housing assistance. The study goes on to note that 12.3 million of the 16.6 million "income eligible" households are unassisted by HUD. The balance – slightly less than 4.3 million households are served by HUD with either public housing, vouchers or privately-owned project-based housing. Public housing provides 1.094 million (25.5%) of the federal government's re-

See "assisted renters study," continued on page 10

HUD Will Use 18 Month Utility Inflation Factor for 2009 Budget Department Accepts Long-Standing PHADA Recommendation

For the past 2 ½ years, PHADA has been in discussions with HUD over the proper method to develop the utility expense level (UEL) inflation factor (see *Advocate* articles of September 20 and November 1, 2006). For the 2007 and 2008 budgets, the Department multiplied the cost of utilities reported by housing authorities by a 12 month inflation factor.

PHADA has continuously pointed out, though, and in so doing has had the support of its industry colleagues at CLPHA and NAHRO, that using a 12 month factor will not provide adequate funding for the year for which the agency is budgeting. For the 2009 budget year, for instance, housing authorities will report their average utility cost from July 1, 2007-June 30, 2008. This average is the approximate cost of the utility at the halfway point of this reporting period, or January 1, 2008.

When HUD inflates that average cost by 12 months, it only brings the cost of the utility up to January 1, 2009, but the HA must pay its utility costs for the entire 2009 year, even as prices increase. Therefore, to provide sufficient dollars to cover costs in 2009, it needs the January, 2008 cost to be inflated by 18 months, so that it would represent the estimated cost of the utility on July 1, 2009—halfway through the budget year. On October 21, Greg Byrne, the Director of the Financial Management Division for Public and Indian Housing announced that HUD would inflate the HA reported utility cost by 18 months for the 2009 budget year.

In practice, HUD will continue to derive the 2009 utility inflation factor from the 12 month period running from May, 2007- May, 2008, but it will then multiply it by 1.5 to adjust this 12 month period to 18 months. If this methodology had been utilized in 2007 and 2008, as PHADA requested, the 11.95 percent factor in 2007 would have become 17.92 percent, while the 3.46 percent factor for 2008 would have become 5.19 percent. These changes would have meant that housing authorities would have been entitled to approximately \$116 million more during these two years than calculated using HUD's previous methodology.

HUD's decision is to be commended as it helps ensure that housing authority funding calculations are more accurate, but, unfortunately, this decision will not translate into additional money for housing authorities until the operating fund is once again funded at 100 percent of eligibility. ■

...“assisted renters study”

Continued from page 1

sponse to housing need. Vouchers provide the bulk of assistance -- 1.8 million units or 42.0% of HUD's assistance while private owners contribute 1.385 million project-based units or 32.3% of the total.

Over the ten-year span of the study (1993-2003) these three programs produced 6% more assisted housing units. That modest growth in units, however, was set against an ocean of need. The study mentions that among the 12.3 million “income-eligible” renter households that do not receive any HUD rental assistance there are 5.1 million households experiencing “worst case” housing needs. Worst case needs are defined as “unassisted renters with very low incomes (VLI) who pay more than half of their income for housing or live in severely substandard housing.” Many of these worst-case households likely account for the long waiting lists and high demand for HUD-assisted programs across the country. The affordable rental housing industry will watch with great interest to see if this enormous unmet need and the chronic under funding of existing HUD rental assistance programs attract the attention of the next Administration as it sets HUD's housing priorities for the next four years.

Where need and geography meets

The availability of assisted housing programs – public housing, vouchers and privately owned project based housing – that serve very-low income (VLI) households seem dependent on decisions made in thousands of communities, years, if not decades ago. Local decisions to participate in rental assistance programs were likely based on a number of factors including local capacity, community needs, market and neighborhood conditions and the availability and workability of federal programs. Many public housing authorities pre-date HUD while much of the privately-owned project-based housing and all of the current vouchers were developed after HUD was established. As a consequence of these many variables, rental assistance programs have different levels of availability among the four geographic regions of the country.

According to the report, public housing is most widely available across the South where 37.8 % of all units are located, followed closely by the Northeast where that region holds 33.5% of the nation's total supply. The Midwest has a far smaller share (19.7%) of public housing, but more than twice the number of the West region that has only 9% of the HUD public housing portfolio available to help meet its local affordable housing needs.

The West also has the smallest portfolio (14.7%) of privately-owned project based housing for its very-low income residents. Each of the other three regions has twice as many such units as the West – the South with 30.8%, the Midwest (27.4%) and the Northeast (27.1%).

The West fares somewhat better accessing vouchers by capturing 24.2% of the total and leading the Midwest (18.3%). The South, however, holds the most vouchers with 33.1% and considerably more than the Northeast with 24.3%.

Within the regions of the country, assisted housing is overwhelmingly found in metropolitan areas – 88.0% of public housing, 87.0% of privately-owned project-based housing and 85.7% of all vouchers. The programs are, however, applied differently within the metropolitan areas they serve. Public housing is largely (66%) confined to central city locations with just 21% of its units in suburban sites. Privately-owned project-based housing has more than half (53.0%) of its units in central cities

compared with 34.0% in the suburbs. Vouchers, whose key selling point is broader choice, has the smallest presence in central cities with 46.6% of its units and the largest presence (39.1%) in suburban locations.

Aging housing patterns

The median age of structures used by HUD's rental assistance programs are distinct to each program. All programs still use buildings built before 1919, each program experienced “boom” growth years and public housing development has been stalled for years. The median “built” date for public housing is 1965 and 1976 for privately-owned project-based housing. The median built date for voucher housing is 1969 although it is of little consequence since the vouchers are not attached to structures, but rather voucher holders. The eleven year difference between the median year built date for public housing and privately-owned project based is attributable to the programs' boom construction years. Public housing constructed more than half (62.7%) of its current inventory or 686,000 units between 1950 and 1974. Privately-owned project-based housing experienced its boom between 1970 and 1984 when private owners developed 880,000 units or 63.5% of today's portfolio. PHADA would point out that this extensive investment in housing infrastructure over the decades and in thousands of communities is currently at risk because of severe under funding.

Serving minorities in poverty

Public housing stands out among HUD's rental assistance programs in its service to Black and Hispanic householders. Blacks participate in all housing assistance programs at higher rates than their share of the general population or of the “income eligible” population. More than half of all (51.7%) public housing leaseholders are black while 43.8% percent are white. The composition of householders in the voucher program and in project-based housing skew more toward white householders – 53.1% of voucher holders are white compared to 40.6% black. Privately-owned project-based housing is 62.9% white and 30.8% black. The report notes that the distribution of race across rental assistance programs has stayed largely intact since the last “Characteristics” report released in 1997 that was based on 1993 data.

The 2008 report captures more precisely the participation of Hispanics, the country's largest ethnic group, by changing the way questions were asked in the American Housing Survey. The data reveals “a 1993-2003 household growth rate of 67 percent for Hispanics but only 8 percent for non-Hispanics.” Hispanics make up 20.7% of public housing residents, use 16.1% of vouchers and 16.8% of privately-owned project-based housing.

Serving women in poverty

Perhaps the most obvious householder characteristic among all of HUD rental housing assistance programs is gender and specifically the heavy participation of females. Women seek assisted housing to offset income deficits likely caused by low educational attainment, low wages, under- or unemployment, single-parent child-rearing and low retirement income. Female-headed households are unlikely to find safer, more secure or more affordable housing anywhere else in the marketplace than those units provided by HUD assistance programs. Housing assistance

See “assisted renters study,” continued on page 12

...“assisted renters study”

Continued from page 10

programs also are more likely to offer, or partner with, social services to provide households with skills and resources to improve their economic prospects.

Seventy (70.0%) of public housing renters are female householders including 37.6% who head families. The balance of female-headed households in public housing -- 32.4% are one-person households that include elderly (13.9%) households. In the voucher program the numbers are even higher with 78.2% households headed by females including 54.5% with families and 23.7% one-person households of which just 8.6% are elderly. Privately-owned project-based housing consists of 67.5% female householders including 25.7% with families and 41.7% one-person households including 29.1% elderly.

Serving children in poverty

Children, under the age of 18, show up unevenly across rental assistance programs. Children are present or absent from public housing at approximately the same rates as all income eligible renter households. In public housing, 59.7% of households have no children compared with 58.7% among all eligible households. Public housing households with one or two children (24.5%) compares with 29.8% among all eligible renters. For families with three or more children public housing serves 15.7% compared to 11.6% of all income eligible households.

The voucher program and privately-owned project-based housing show sharp differences in their ability to serve children. Vouchers have proven a powerful tool for parents seeking better schools and safer neighborhoods for their school-age children. Only 42.9% of voucher households are without children compared to 71.5% of project-based housing. Vouchers are most successful at serving households with one or two children (40.1%) compared to 22.2% in privately-owned project based housing and 24.5% in public housing. For families with three or more children the voucher program also leads by serving 17% of households, slightly better than public housing (15.7%) and far better than privately-owned project-based housing where large families make up only 6.3% of households.

Public housing as best buy

According to the Characteristics study, public housing continues to outperform both vouchers and privately-owned project-based housing in areas most important to very-low income households. Public housing, for instance, serves the lowest-income households while also charging less for rent. The median monthly housing cost for public housing (2003) is \$227, while the voucher median monthly cost is nearly twice as expensive at \$437. The median monthly cost for privately-owned project-based housing is \$312. Lower rents for very-low income is exceedingly important because it allows families to spend a far smaller percentage of their very modest income on housing. This allows families to focus on other family essentials like nutrition, education and medicine. Monthly housing costs in public housing captures only 27% of renters' household income compared to 40% of voucher holder income and 32% of renter income in privately-owned project-based housing.

The complete report and its summary tables can be found at: www.huduser.org. ■

...“housing costs studies”

Continued from page 11

report leaves unanswered the question of whether housing assistance recipients pay housing cost burdens significantly different from other renters. However both subsidized and market rate renters pay a larger proportion of income for housing than homeowners with mortgages and substantially larger proportion than homeowners without mortgages.

The discussion of the adequacy of the 30 percent of income standards presents several thorny questions. The report presumed that the aim of this policy is to assure families receiving housing assistance adequate resources for non-housing expenses. HUD's HADS considers 30 percent of income to be the “standard assumption” of housing affordability, but it is not the only standard in use. The report described the National Association of Realtors' (NAR's) use of 25 percent of income as a measure of the affordability of a mortgage's principal and interest payments with a 20 percent down payment. HUD's study indicates that principal and interest represent about 60 percent of homeowners' housing costs. The NAR standard would translate to an affordability standard of 42 percent of income using the HADS finding that P&I payments of owners with mortgages account for approximately 60 percent of these owners' shelter costs. That housing cost burden is close to the study's finding of affordable housing costs assuming the adequacy of the 30 percent of income standard in 1985 and holding the proportion of non-housing costs constant from 1985 to 2003.

The report failed to consider at least one alternative policy goal of the 30 percent of income standard. Policy makers who created a standard using a proportion of income and later increased that proportion may have tried to establish some equity in housing costs among low income and moderate income renters. Policy makers may also have been interested in opening public housing (then one of the few assisted housing programs) to poor-families heretofore too poor to move in and assuring an equitable contribution to housing costs by these very poor households. This policy goal would imply that equity among renters was a concern rather than whether households retained resources to support non-housing costs.

HUD's report and other recent sources point out shortcomings involved in assessments of housing affordability using the AHS. The AHS is a data set built on self reported responses, and the Bureau of the Census has found significant discrepancies between AHS responses to questions and data collected from other more accurate sources. HADS' data, based on the AHS data set presents the same data quality problems. The report discusses the deficiencies of BLS's assessment of costs of specific bundles of goods and services. Additionally, those bundles reflect spending patterns of the late 1960's not the mid 2000's.

In addition to the adequacy of the 30-percent-of-income standard, HUD's report raises the question of the appropriateness of the current standard under any presumptions. The standard may be adequate, as the report authors seem to conclude, but it may be inadequate as implied by the NAR assessment of mortgage affordability, and vagaries in the datasets available for assessing housing affordability seem to preclude conclusive findings. It does seem that subsidized renters pay a housing cost burden close to that paid by other renters, and both groups seem to pay a burden higher than homeowners with mortgages and much higher than homeowners without mortgages. ■

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SACHI A. HAMAI
EXECUTIVE OFFICER

COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 383
LOS ANGELES, CALIFORNIA 90012
(213) 974-1411 • FAX (213) 629-0646

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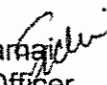
DON KNABE

MICHAEL D. ANTONOVICH

FOR YOUR INFORMATION ONLY

November 10, 2008

TO: All Department/District Heads

FROM: Sachi A. Hamai 
Executive Officer

SUBJECT: NEW SECOND DISTRICT SUPERVISOR

Effective Monday, December 1, 2008, the Honorable Mark Ridley-Thomas will take office as Supervisor of the Second District. Any correspondence directed to him should be addressed as follows:

Supervisor Mark Ridley-Thomas
Second District
Suite 866 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

If you have any questions, please don't hesitate to contact me.

SAH:RG

c: Each Supervisor

K Second_District_Transition_2008



SACHI A. HAMAI
EXECUTIVE OFFICER

COUNTY OF LOS ANGELES BOARD OF SUPERVISORS

KENNETH HAHN HALL OF ADMINISTRATION
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DON KNABE

MICHAEL D. ANTONOVICH

FOR YOUR INFORMATION ONLY

November 10, 2008

TO: All Department/District Heads

FROM: Sachi A. Hamai 
Executive Officer

SUBJECT: CHAIRMAN OF THE BOARD OF SUPERVISORS

Effective Monday, December 1, 2008, all correspondence directed to Supervisor Don Knabe or items appearing on the Board's agenda that will require his signature are to be prepared identifying him as Chairman.

SAH:RG

c: Each Supervisor

R Chao_Change_end_of_year_2008

Housing Authority - County of Los Angeles

November 19, 2008

TO: Housing Commissioners

FROM: Margarita Lares, Director
Assisted Housing Division

RE: **THE FAMILY SELF-SUFFICIENCY (FSS) PROGRAM**

FOR YOUR INFORMATION ONLY

FSS Program Update for November

The Family Self-Sufficiency (FSS) Program is a HUD initiative intended to promote the development of local strategies to enable families both in public housing and the Housing Choice Voucher Program to achieve economic independence and self-sufficiency.

This report is provided to the Housing Authority of the County of Los Angeles Housing Commissioners on a monthly basis.

FSS Program Update for October

- The Family Self Sufficiency staff continued its ongoing recruitment efforts, with a total of 9 new applicants, all of whom were eligible for the Family Self Sufficiency Program.
- Staff enrolled 4 new participants.
- FSS staff received 4 additional requests to graduate from the Family Self Sufficiency program.
- FSS Staff attended the monthly P.O.W.E.R. (Partnership Opportunities With Economic/Education Resources) Collaborative Meeting.
- FSS Staff toured the L.A. Works WorkSource center and began the preparation for a non-binding partnership agreement, as requested by the WorkSource Center.
- FSS Staff representatives attended four Southeast Area Social Services Funding Authority (SASSFA) partnership and advertising meetings.

- Staff continued to coordinate job fair planning activities with member partners such as SASSFA, HUB Cities, Tri Cities ROP, EDD and the Department of Rehabilitation.
- Staff will represent the Family Self Sufficiency program at the annual partnership job and information fair. Staff will disseminate program information to participants, assist employers and exhibitors and will conduct a resume writing workshop, interview techniques workshop and perform other duties as required.
- Resource information on the WorkSource Network and Adult Education were disseminated during recruitment and case management activities.
- FSS Staff sent out 475 flyers announcing the 9th Annual Information and Job Fair, sponsored by the Partners for Progress group.
- FSS Staff attended in-house training in the Yardi computer system.
- FSS Staff has completed a thorough reconciliation of all existing FSS enrollment, termination and escrow accounts.
- Staff members are continuing to compile a "Best Practices" review of Family Self Sufficiency Programs from a variety of other Public Housing Authorities and will use this information to update the HACoLA FSS Program Action Plan.
- FSS Staff referred 3 FSS applicants for job search assistance and 4 FSS participants for job search and resume writing and review assistance to WorkSource Centers.
- Resource information for employment opportunities, budgeting, money saving tips, public insurance plans and homeownership workshops were disseminated to 17 FSS participants and applicants during October appointments.
- FSS staff referred 2 FSS participant to the CDC Home Ownership Program (HOP) per the tenant's request.

Graduates

The FSS Program staff did conduct one graduation ceremony in October, graduating 2 successful participants. Therefore, the number of successful graduates for fiscal year 2008 – 2009 is ten.

If you have any questions, please feel free to contact me at (562) 347-4837.

HOUSING AUTHORITY COUNTY OF LOS ANGELES - CONVENTIONAL AND NON-CONVENTIONAL HOUSING

GROUP NO.	SITE	HUD DEV. NO.	PROJECT NUMBER	ADDRESS	Acquired	NO. OF UNITS
1	Carmelitos (family)	CA16P002001	SS1102	700 Via Wanda, Long Beach 90805	1938/1986	558
1	Carmelitos (senior)	CA16P002026	SS1102	781 Via Carmelitos, Long Beach 90805	1938/1986	155
Total Unit Count: Carmelitos						713
2	Harbor Hills (family/senior)	CA16P002002	SS1203	26607 S. Western Ave., Lomita 90717	1941	301
Total Unit Count: Harbor Hills						301
3	Nueva Maravilla (family/senior)	CA16P002004	SS1301	4919 E. Cesar E. Chavez Ave., Los Angeles 90022	1972	504
Total Unit Count: N. Maravilla						504
4	West Knoll (senior)	CA16P002014	SS3001	838 West Knoll Ave., West Hollywood 90069	1977	136
4	Palm Apartments (senior)	CA16P002014	SS3002	959 Palm Ave., West Hollywood 90069	1978	127
Total Unit Count: West County 1						263
5	Marina Manor I (senior)	CA16P002013	SS3003	3401 Via Dolce, Marina Del Rey 90292	1983	112
5	Marina Manor II (senior)	CA16P002027	SS3003	3405 Via Dolce, Marina Del Rey 90292	1983	71
5	Ocean Park (family/senior)	CA16P002018	SS3006	175 Ocean Park Boulevard, Santa Monica 90405	1947	22
5	Monica Manor (family)	CA16P002097	SS3007	1901-1909 11th Street, Santa Monica 90405	1987	19
Total Unit Count: West County 2						224
6	Orchard Arms (senior)	CA16P002030	SS2001	23410-23540 Wiley Canyon Rd., Valencia 91355	1980	183
6	Foothill Villa (senior)	CA16P002029	SS2002	2423 Foothill Boulevard, La Crescenta 91214	1981	62
6	Quartz Hill I (family)	CA16P002052	SS2003	5028 West Avenue L-12, Quartz Hill 93536	1984	20
6	Quartz Hill II (family)	CA16P002059	SS2003	42051 51th Street West, Quartz Hill 93536	1984	20
Total Unit Count: North County						285
7	Francisquito Villa (family)	CA16P002015	SS4002	14622 Francisquito Ave., La Puente 91746	1979	89
7	Carmelita Avenue (senior)	CA16P002091	SS4003	354-354 So. Carmelita Ave., Los Angeles, 90063	1975	2
7	McBride Avenue (family)	CA16P002021	SS4004	1229 So. McBride Ave., Los Angeles, 90023	1968	4
7	Williamson Avenue (family)	CA16P002020	SS4005	706-708 1/2 So. Williamson Ave., Los Angeles, 90022	1972	4
7	Triggs Street (family/senior)	CA16P002097	SS4006	4432-4434 1/2 Triggs St., Los Angeles 90023	1964	4
7	Simmons Avenue (family)	CA16P002021	SS4007	927 So. Simmons Ave., Los Angeles, 90022	1939	4
7	4th & Medrick (family)	CA16P002034	SS4009	341 So. Medrick Ave., Los Angeles, 90022	1985	2
7	Arizona & Olympic (family)	CA16P002048	SS4010	1003-1135 So. Arizona Ave., Los Angeles 90022	1984	18
7	Whittier Manor (senior)	CA16P002033	SS4011	11527 Slauson Ave., Whittier 90606	1986	49
7	Herbert Ave (senior)	CA16P002058	SS4012	133 Herbert Ave., Los Angeles 90063	1985	46
7	Sundance Vista (family)	CA16P002156	SS4014	10850 Laurel Ave., Whittier 90605	1999	41
Total Unit Count: East County						263
8	El Segundo I (family)	CA16P002023	SS5001	1928/3749 E. El Segundo Blvd., Compton 90222	1972	30
8	South Bay Gardens (seniors)	CA16P002032	SS5002	230 E. 130th St., Los Angeles 90061	1981	100
8	1115-16 W. 90th St. (family)	CA16P002091	SS5005	1115-16 W. 90th St., Los Angeles 90044	1986	18
8	El Segundo II (2140) (family)	CA16P002052	SS5015	2140-2144 1/2 E. El Segundo Blvd., Compton 90222	1985	13
8	El Segundo II (2141) (family)	CA16P002061	SS5015	2141-2145 E. El Segundo Blvd., Compton 90222	1985	5
8	9104-18 S. Bandera St. (family)	CA16P002080	SS5016	9104-18 S. Bandera St., Los Angeles, 90002	1961	8
8	1535 E. 83rd Street (family)	CA16P002080	SS5017	1535 E. 83rd St., Los Angeles 90002	1985	2
8	1615-17 E. 87th Street (family)	CA16P002067	SS5018	1615-17 E. 87th St., Los Angeles 90002	1985	4
8	8739 Beach St. (88th & Beach) (family)	CA16P002056	SS5019	8739 Beach St., Los Angeles 90002	1985	4
8	4212-20 E. Addington Street (family)	CA16P002071	SS5020	4212-20 E. Addington St., Compton 90221	1984	3
8	W. Imperial (family)	CA16P002132	SS5026	1221 & 1309 E. Imperial Hwy., Los Angeles 90044	1992	9
8	Athens (family)	CA16P002127	SS5027	1120 W. 107th St., 1310 W. 110th St., & 11104 S. Normandie Ave., Los Angeles 90044	1996	10
8	1527 E. 84th (family)	CA16P002107	SS5029	1527 E. 84th St., Los Angeles 90001	1998	4
8	Jarvis Avenue (family)	CA16P002107	SS5030	12920 Jarvis Ave., Los Angeles 90061	1997	1
8	Woodcrest I (family)	CA16P002066	SS5003	1239 W. 109th St., Los Angeles 90044	1983	10
8	Woodcrest II (family)	CA16P002090	SS5003	1245 W. 109th St., Los Angeles 90044	1983	10
8	1101-09 W. 91st (family)	CA16P002021	SS5006	1101-09 W. 91st St., Los Angeles 90044	1965	16
8	1232-34 E. 119th (family)	CA16P002021	SS5007	1232-34 E. 119th St., Los Angeles 90059	1955	2
8	1231-33 E. 61st (family)	CA16P002021	SS5008	1231-33 E. 61st St., Los Angeles 90001	1961	6
8	1100 W. 106th Street (family)	CA16P002021	SS5009	1100 W. 106th St., Los Angeles 90044	1970	10
8	1104 W. 106th Street (family)	CA16P002020	SS5009	1104 W. 106th St., Los Angeles 90044	1970	10
8	1320 W. 107th (family)	CA16P002021	SS5010	1320 W. 107th St., Los Angeles 90044	1970	18
8	11431-463 S. Normandie (family)	CA16P002020	SS5011	11431-463 S. Normandie Ave., Los Angeles 90047	1970	28
8	1027-33 W. 90th (family)	CA16P002078	SS5014	1027-33 W. 90th St., Los Angeles 90044	1986	6
8	W. 106th Street & Budlong (family)	CA16P002079	SS5021	1334-38 W. 106th St. 9410 & 11126 Budlong Ave., Los Angeles 90044	1984	11
8	W. 94th & 95th Street (family)	CA16P002060	SS5022	1035-37 1/2 W. 94th St. & 1324 W. 95th St., Los Angeles 90044	1985	8
8	W. 105th & 106th (family)	CA16P002124	SS5024	1336-40 W. 105th St. & 1057 W. 106th St., Los Angeles 90044	1991	13
8	Century Wilton (family)	CA16P002020	SS5025	10025 Wilton Place, Los Angeles 90047	1965	40
8	11248 S. Budlong (family)	CA16P002138	SS5028	11248 S. Budlong, Los Angeles 90044	1996	6
8	1111th & Firmona	Pending	SS5031	11117 & 11119 Firmona Ave., Lennox 90304	2008	2
8	Lindsey	Pending	SS5032	4621 & 4625 Linsley St., Compton 90221	2008	2
Total Unit Count: South County						408

Total Housing Authority-Owned - Conventional	2,962
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City of Lomita - Conventional	Lomita Manor (senior)	SS1204	24925 Walnut St., Lomita 90717	198
Non-Conventional Housing				
	Kings Road JPA (senior)	LU0001	800-801 H. Kings Road., West Hollywood 90069	105
	Lancaster Homes (senior)	LU0002	711-737 W. Jackman St., Lancaster 93534	120
	Santa Monica RCHP (family)	SS3005	1855 9th St., 1450 14th St., & 2006 20th St., Santa Monica 90404	41
	Villa Nueva RCHP (family)	SS4013	958-676 S. Ferris Ave., Los Angeles 90022	21
	Willowbrook (family)	SS6001	11718-11740 Willowbrook Ave., Los Angeles 90044	8
	Ujima Village (family/senior)	SS8001	941 E. 126th St., Los Angeles 90059	300
Total Number of Units: Non Conventional				596

Total Number of Units: HM	3,636
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**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

2 Coral Circle • Monterey Park, CA 91755
323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

William K. Huang
Acting Executive Director

November 19, 2008

Honorable Housing Commissioners
Housing Authority of the
County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Dear Commissioners:

CONCURRENCE TO APPROVE HEALTH PLAN CHANGES (ALL DISTRICTS)

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Concur with the Board of Supervisors/Commissioners action and find that approval of the changes to the 2009 health plans is not subject to the provisions of CEQA, as described herein, because the activities are not defined as a project under CEQA.
2. Concur with the Board of Supervisors/Commissioners action to authorize the Acting Executive Director to approve the proposed premium rates for group medical plans provided by Anthem Blue Cross of California Health Maintenance Organization (HMO) and Preferred Provider Option (PPO) and Kaiser Health Plan (Kaiser), effective January 1, 2009.
3. Concur with the Board of Supervisors/Commissioners action to approve the combined payment, with the Community Development Commission, of the employer-paid subsidy for the 2009 calendar year to Anthem Blue Cross and Kaiser, at an estimated cost of \$471,000.
4. Concur with the Board of Supervisors/Commissioners action to authorize the Housing Authority to fund all health plan costs using funds included in the approved Fiscal Year 2008-2009 budget, and funds to be approved through the annual budget process for Fiscal Year 2009-2010, as needed.



PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

The purpose of the recommended action is to provide employees, during the 2009 calendar year, affordable health coverage that is comparable with plans offered to County employees. The current plans end on December 31, 2008.

FISCAL IMPACT/FINANCING:

For 2009, the minimum contribution under the Flexible Benefit and Optional Benefit plans will increase from \$855 and \$597 per month, respectively, to \$903 and \$645 per month, respectively, at an additional cost of \$275,000. These increases are provided to assist employees with the purchase of medical, dental, vision and life insurance benefits. The Executive Director was provided the authority on October 11, 2005, to increase these contributions provided the amounts do not exceed the contributions for County employees.

The employer-paid subsidy is estimated at \$471,000 for January 1, 2009 through December 31, 2009.

The current Fiscal Year 2008-2009 budgets of the Housing Authority and Community Development Commission include funds for the proposed health plan changes through June 30, 2009. The next annual budget process will include funding for the remaining costs.

The Board of Commissioners of the Housing Authority must approve the plan changes, because Housing Authority funds will be used to pay a portion of the benefits for Commission personnel performing Housing Authority functions.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

Currently, employees covered by the Flexible Benefit Plan receive a Commission contribution expressed as a percentage of salary, but not less than a minimum "floor" contribution of \$855 per month. Employees covered by the Optional Benefit Plan receive \$597 per month. For 2009, the minimum contribution under the Flexible Benefit Plan will increase to \$903 per month and to \$645 per month under the Optional Benefit Plan, at an estimated annual cost of \$275,000. The Executive Director was provided the authority on October 11, 2005 to increase these contributions provided these amounts do not exceed the contributions provided to County employees. The County received approval on September 16, 2008 to increase contributions for 2009 to \$1,078 and \$809 under the MegaFlex and Flexible Benefit Plans, respectively.

Employees are currently provided with Anthem Blue Cross HMO, Anthem Blue Cross PPO, and Kaiser as employee medical plan options. During the month of September, the Commission's group insurance broker, Alliant Insurance Services, and the Commission evaluated these plans and the required cost increase for 2009.

Negotiations with Anthem Blue Cross resulted in a premium increase averaging 14.5%. Kaiser is requiring an increase of 17.0%, and remains unwilling to negotiate renewal premiums.

In an effort to assist employees with paying for medical insurance coverage, the Commission will continue to provide an employer-paid subsidy at the current levels. This amount, totaling approximately \$471,000 plus the amount contributed by each employee, will fund the total cost of medical insurance for 2009.

The new monthly contribution for each medical plan is provided in Attachment A.

The Chief Executive Office and County Counsel have reviewed this letter. This letter is being filed concurrently with the Housing Commission for its monthly meeting of October 22, 2008. The annual open enrollment period, which allows Commission employees to enroll in their health plans for 2009, will begin on October 27, 2008. Commission employees must have at least a one-week period to enroll so that the Commission may submit the new enrollment details to the health plan providers during the month of November. Any delays will prevent the Commission from meeting the enrollment deadlines and contractual agreements with the health plan providers which are due to expire on December 31, 2008.

ENVIRONMENTAL DOCUMENTATION:


This action is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAM:

The recommended actions are consistent with the principle of promoting the well being of Commission employees and their families by offering comprehensive employee benefits.

Respectfully submitted,



 WILLIAM K. HUANG
Acting Executive Director

Attachment

Attachment A

Monthly Employee Contribution for 2009*

Anthem Blue Cross HMO

Employee Only	\$325
Employee + One	\$650
Family	\$800

Anthem Blue Cross PPO

Employee Only	\$550
Employee + One	\$1,150
Family	\$1,500

Kaiser

Employee Only	\$405
Employee + One	\$750
Family	\$878

*Monthly employee contribution is the employee cost after the subsidy is applied to the actual plan cost.



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William K. Huang
Acting Executive Director

November 19, 2008

Honorable Housing Commissioners
Housing Authority of the
County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Dear Commissioners:

**CONCURRENCE TO AWARD CONTRACT TO PROVIDE TEMPORARY
PERSONNEL SERVICES (ALL DISTRICTS)**

SUBJECT:

This letter requests approval of five contracts to be awarded to Tri-State Employment Service, Inc., JM Temporary Services & Affiliates, Inc., Protocol Professional Staffing, L.A. Business Personnel, Inc., and AppleOne to provide needed temporary personnel services to the Housing Authority.

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Concur with the Board of Supervisors/Commissioners action and find that approval of a service contract for temporary personnel services is exempt from the provisions of CEQA, as described herein, because the activities will not have the potential for causing a significant effect on the environment.
2. Concur with the Board of Supervisors/Commissioners action to authorize the Acting Executive Director to execute, administer, implement and if necessary terminate one-year Temporary Personnel Service contracts (Contracts) with Tri-State Employment Service, Inc., JM Temporary Services & Affiliates, Inc., Protocol Professional Staffing, L.A. business Personnel, Inc., and AppleOne, in an aggregate amount not to exceed \$111,468, to provide temporary personnel services, to be effective following approval as to form by the County Counsel and execution by all parties.
3. Concur with the Board of Supervisors/Commissioners action to authorize the Acting Executive Director to execute amendments to the one-year Contracts, following approval as to form by County Counsel, to increase the total amount of compensation by up to ten percent to cover



unforeseen costs, modify the scope of work to address unforeseen issues, or make other non-monetary changes necessary for the administration and implementation of the Contracts.

4. Concur with the Board of Supervisors/Commissioners action to authorize the Acting Executive Director to extend the time of performance for up to four years, in one-year increments, at the same annual cost of \$111,468, using funds to be approved through the annual budget process.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this recommended action is to enter into five Contracts with Tri-State Employment Service, Inc., JM Temporary Services & Affiliates, Inc., Protocol Professional Staffing, L.A. Business Personnel, Inc., and AppleOne to provide needed temporary personnel services for the Housing Authority.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund.

The Contracts will be funded with a total of \$111,468 in administrative services funds included in the Housing Authority's Fiscal Year 2008-2009 approved budget. A ten percent contingency, in the amount of \$11,147, is being set aside for unforeseen costs. The Contracts may be extended for up to four additional years, in one-year increments, at the same annual cost. Funds for future years will be requested through the annual budget approval process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Housing Authority has the need for qualified temporary personnel services throughout the agency. Without these services, the Housing Authority would be short-staffed and productivity would decrease. The use of temporary personnel services is crucial in order to continue job efficiency in a cost-effective manner. The approval of the temporary personnel contracts will meet these needs.

The proposed services are being primarily federally funded, and are not subject to the requirements of the Greater Avenues for Independence (GAIN) Program or the Greater Relief Opportunity for Work (GROW) Program implemented by the County of Los Angeles. Instead, all five contractors must comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain U.S. Department of Housing and Urban Development (HUD) assistance be directed to low and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

ENVIRONMENTAL DOCUMENTATION

Pursuant to Title 24 of the Code of Federal Regulations, Section 58.35 (a)(3)(ii), this action is excluded from the National Environmental Policy Act (NEPA) because it involves activities that will not alter existing environmental conditions. The action is exempt from the provisions of the CEQA pursuant to State CEQA Guidelines Section

15301 because it does not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS:

On July 15, 2008, an Invitation for Bid (IFB) process was initiated to identify temporary personnel agencies able to provide needed temporary personnel services for both the Community Development Commission and Housing Authority. Notices were mailed to 132 agencies identified from the Commission's vendor list. Announcements appeared in ten local newspapers and on the County's WebVen website. A copy of the IFB was posted on the Commission and Housing Authority's website.

A total of ten bids were received by the submission deadline of July 30, 2008. The bids were reviewed by one representative from the Commission. Each bidder provided a cost for each job classification and was ranked according to the lowest cost. Not all bidders were able to provide a rate for each job classification. After reviewing all bids, the representative recommends Tri-State Employment Service, Inc., JM Temporary Services & Affiliates, Inc., Protocol Professional Staffing, L.A. Business Personnel, Inc. and AppleOne for the Contract awards.

The Summary of Outreach Activities is provided as Attachment A.

IMPACT ON CURRENT PROJECT:

The five proposed Contracts will provide needed temporary personnel services for the Housing Authority.

Respectfully submitted,


for WILLIAM K. HUANG
Acting Executive Director

Attachments: 1

ATTACHMENT A

Summary of Outreach Activities

Temporary Personnel Services

Beginning on July 10, 2008, the following outreach was initiated to identify temporary personnel agencies to provide needed temporary personnel services for the Community Development Commission and the Housing Authority.

A. Newspaper Advertising

Announcements appeared in the following newspapers:

La Opinion
The Daily News
International Daily News
L.A. Sentinel
Eastside Sun
Los Angeles Times
Long Beach Press Telegram
Agua Dulce News
Antelope Valley Press
Wave Community Newspaper
The Westside
West Edition
East Edition

An announcement was also posted on the County's WebVen website and on the Commission Web Site.

B. Distribution of Notices

The Commission's vendor list was used to mail out the Invitation for Bids (IFB) to 132 temporary personnel agencies, of which seventy one identified themselves as firms owned by minorities or women (private firms that are 51 percent owned by minorities or women, or publicly owned businesses, in which 51 percent of the stock is held by minorities or women). As a result of the outreach, 10 bid packages were received.

C. Bid Results

On July 30, 2008, ten bids were received. One bid did not meet the minimum bid document requirements; the bid submitted by Human Potential Consulting, L.L.C. did not include a bid sheet and was determined to be non-responsive. Each bidder provided a cost for each job classification and was ranked according to the lowest cost. Not all bidders were able to provide a rate for each job classification. Tri-State Employment Service, Inc., JM Temporary Services & Affiliates, Inc., Protocol Professional Staffing, L.A. Business Personnel, Inc. and AppleOne were selected for recommendation of award of the Contract based on the criteria set forth in the IFB.

D. Minority/Women Participation – Selected Agency

<u>Name</u>	<u>Ownership</u>	<u>Employees</u>
L.A. Business Personnel, Inc.	Woman Business Enterprise	Total 8 4 Minorities 5 Women 2% Minorities 2% Women
JM Temporary Services & Affiliates, Inc.	Women Business Enterprise	Total 4 4 Minorities 2 Women 1% Minorities 2% Women

E. Minority/Women Participation – Firms Not Selected

<u>Name</u>	<u>Ownership</u>	<u>Employees</u>
Human Potential Consultants, LLC	Women Business Enterprise	Total: 82 73 Minorities 42 Women 1% Minorities 2% Woman
Partners In Diversity	Women Business Enterprise	Total: 8 6 Minorities 6 Women 1% Minorities 1% Women
Microlink Enterprise Inc.	Women Business Enterprise	Total: 10 9 Minorities 2 Women 1% Minorities 5% Women

The Community Development Commission and Housing Authority conducts ongoing outreach to include minorities and women in the Contract award process, including: providing information at local and national conferences; conducting seminars for minorities and women regarding programs and services; advertising in newspapers to invite placement on the vendor list; and mailing information to associations representing minorities and women. The above information has been voluntarily provided to the Community Development Commission and Housing Authority.

The recommended award of Contract is being made in accordance with the Community Development Commission and Housing Authority's policies and federal regulations, and without regard to race, creed, color, or gender.



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William K. Huang
Acting Executive Director

November 19, 2008

Honorable Housing Commissioners
Housing Authority of the
County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Dear Commissioners:

**APPROVE CONSTRUCTION CONTRACT FOR SOUTHBAY GARDENS SENIOR
HOUSING DEVELOPMENT FLOORING REPLACEMENT PROJECT (DISTRICT 2)**

SUBJECT:

Approval of this Construction Contract (Contract) will provide for new flooring for 54 apartment units at the Southbay Gardens senior housing development located at 230 E. 130th Street in unincorporated South Los Angeles. The Contract will allow the Housing Authority to replace deteriorated flooring with new flooring.

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Recommend that the Board of Commissioners find that the approval of a Contract for flooring replacement at the Southbay Gardens senior housing development is exempt from the provisions of the California Environmental Quality Act (CEQA), as described herein, because the work includes activities that will not have the potential for causing a significant effect on the environment.
2. Recommend that the Board of Commissioners approve and authorize the Acting Executive Director of the Housing Authority to execute a Contract in the amount of \$105,246 to HM Carpet, Inc. to complete the flooring replacement at Southbay Gardens, following approval as to form by County Counsel and effective upon issuance of the Notice to Proceed, which will not exceed 30 days following the date of Board approval.

3. Recommend that the Board of Commissioners authorize the Acting Executive Director to use a total of \$105,246 in Community Development Block Grant (CDBG) funds allocated by the U.S. Department of Housing and Urban Development (HUD) and included in the Housing Authority's approved Fiscal Year 2008-2009 budget for the purposes described herein; and authorize the Acting Executive Director to approve Contract change orders not exceeding \$21,050 for unforeseen project costs, using the same source of funds.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to award a Contract to complete the flooring replacement in 54 apartment units at the Southbay Gardens senior housing development.

FISCAL IMPACT/FINANCING:

There is no impact on the County general fund. The Housing Authority will fund the improvements with \$105,246 in CDBG funds allocated by HUD and included in the Housing Authority's approved Fiscal Year 2008-2009 budget. A 20% contingency, in the amount of \$21,050 is also being set aside for unforeseen costs, using the same source of funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The scope of work for the flooring replacement at Southbay Gardens includes the replacement of deteriorated and aged carpet, vinyl composition tiles and sheet vinyl flooring with new flooring, including all related work, in 54 apartment units.

The improvements are being federally funded, and are not subject to the requirements of the Greater Avenues for Independence (GAIN) Program or the General Relief Opportunity for Work (GROW) Program implemented by the County of Los Angeles. Instead, HM Carpet, Inc. will comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

The Housing Authority has selected HM Carpet, Inc. to complete the flooring replacement. The Contract has been approved as to form by County Counsel and executed by HM Carpet, Inc.

ENVIRONMENTAL DOCUMENTATION:

Pursuant to Title 24 of the Code of Federal Regulations, Section 58.35 (a)(3)(ii), this action is excluded from the National Environmental Policy Act (NEPA) because it involves activities that will not alter existing environmental conditions. The action is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 because it does not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS:

On July 16, 2008, the Housing Authority initiated an outreach to identify a contractor to complete the work at the subject property. Invitations for Bids were mailed to all 145 Class C-15 licensed contractors identified from the Housing Authority's vendor list. Advertisements also appeared in eight local newspapers and on the County WebVen website. Eleven bid packages were requested and distributed.

On August 14, 2008, six bids were received and formally opened. The lowest bid, submitted by HM Carpet, Inc. was determined to be the most responsive and is being recommended for the Contract award. The Summary of Outreach Activities is provided as Attachment A.

IMPACT ON CURRENT PROJECT:

The award of the Contract will remove and replace the existing deteriorated flooring and provide the residents with decent, safe and sanitary living conditions.

Respectfully submitted,


for WILLIAM K. HUANG
Acting Executive Director

Attachments: 2

ATTACHMENT A

Summary of Outreach Activities

Southbay Gardens Interior Unit Flooring Project

On July 16, 2008, the following outreach was initiated to identify a contractor for the flooring replacement of 54 apartment units at the Southbay Gardens senior housing development located at 230 E. 130th Street, within the unincorporated area of Los Angeles County.

A. Newspaper Advertising

Announcements appeared in the following eight local newspapers:

Dodge Construction News	Los Angeles Sentinel
Eastern Group Publications	Los Angeles Times
International Daily News	The Daily News
La Opinion	Wave Community Newspapers

An announcement was also posted on the County Web Site.

B. Distribution of Bid Packages

The Housing Authority's vendor list was used to mail out Invitations for Bids to 145 C15-licensed contractors, of which 121 identified themselves as businesses owned by minorities or women (private firms which are 51 percent owned by minorities or women, or publicly-owned businesses in which 51 percent of the stock is owned by minorities or women). As a result of the outreach, six bid packages were requested and distributed.

C. Pre-Bid Conference and Site Walk

On July 31, 2008 a mandatory pre-bid conference and site walk was conducted. Eleven firms were in attendance.

D. Bid Results

On August 14, 2008, a total of six bids were received and publicly opened. The bid result was as follows:

<u>Company</u>	<u>Bid Amount</u>
HM Carpet, Inc.	\$105,246
NACO, Inc.	\$142,863
Continental Flooring Company	\$146,680
Reliable Floor Covering, Inc.	\$179,199

Floor Covering Unlimited, Inc.	\$198,673
Moore Flooring, Inc.	\$208,888

E. Minority/Female Participation – Selected Contractor

<u>Name</u>	<u>Ownership</u>	<u>Employees</u>
HM Carpet, Inc.	Minority	Total: 11 10 Minorities 3 Women 91% Minorities 27% Women

F. Minority/Female Participation – Contractors Not Selected

<u>Name</u>	<u>Ownership</u>	<u>Employees</u>
NACO, Inc.	Minority	Total: 6 2 Minorities 1 Women 33% Minorities 17% Women
Continental Flooring Company	Non-Minority	Total: 32 20 Minorities 20 Women 63% Minorities 63% Women
Reliable Floor Covering, Inc.	Non-Minority	Total: 33 27 Minorities 2 Women 82% Minorities 6% Women
Floor Covering Unlimited, Inc.	Non-Minority	Total: 14 11 Minorities 1 Women 79% Minorities 7% Women
Moore Flooring, Inc.	Non-Minority	Total: 12 7 Minorities 4 Women 58% Minorities 33% Women

The Housing Authority conducts ongoing outreach to include minorities and women in the contract award process, including: providing information at local and national conferences; conducting seminars for minorities and women regarding programs and services; advertising in newspapers to invite placement on the vendor list; and mailing information to associations representing minorities and women. The above information has been voluntarily provided to the Housing Authority.

The recommended award of the contract is being made in accordance with the Housing Authority's policies and federal regulations, and without regard to race, creed, color, or gender.

ATTACHMENT B

Contract Summary

Project Name: Southbay Gardens Interior Unit Flooring
Location: 230 E. 130th Street, Los Angeles, CA
Bid Number: CDC08-544
Bid Date: August 14, 2008
Contractor: HM Carpet, Inc.
Services: Replacement of carpet, vinyl composition tiles, and sheet vinyl flooring.

Contract Documents: Part A – Instructions to Bidders and General Conditions; Part B – Specifications; Part C – Bidder's Documents, Representations, Certifications, Bid, and Other Statements of Bidder; all Addenda to the Contract Documents.

Time of Commencement and Completion: The work to be performed under this Contract shall be commenced within ten (10) days after a Notice to Proceed is received by the Contractor, or on the date specified in the Notice, whichever is later, and shall be completed within ninety (90) calendar days following the required commencement date.

Liquidated Damages: In the event of breach of contract, the Contractor and his/her sureties shall be liable for, and shall pay to the Housing Authority the sum of **Four Hundred Dollars and Zero Cents (\$400.00)** as liquidated damages for each calendar day of delay, until the Work is accepted by the Owner.

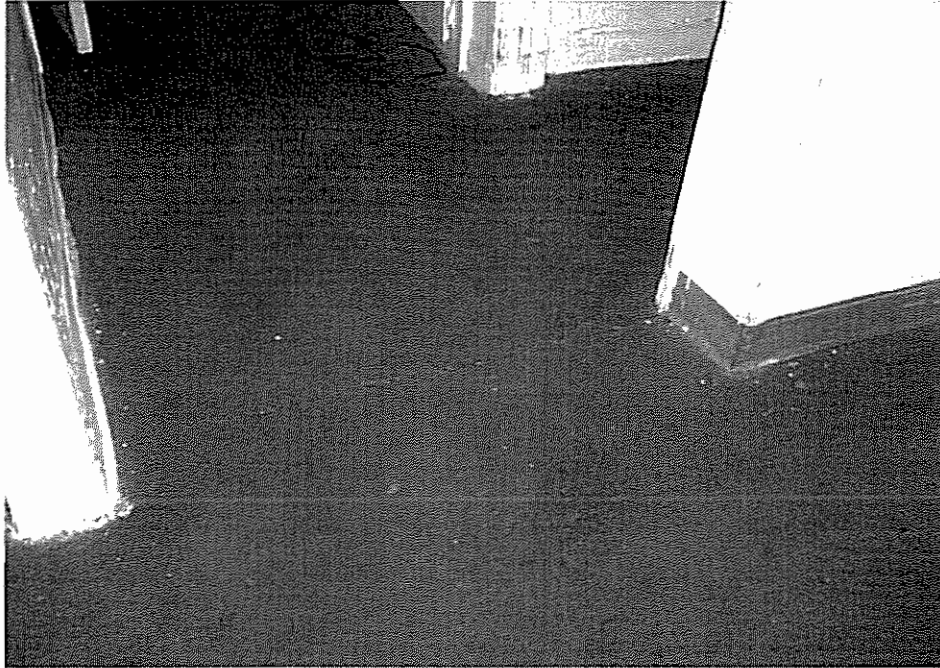
Contract Sum: The Housing Authority shall pay the Contractor for the performance of the Construction Contract subject to additions and deductions by Change Order(s) as provided in the Contract Documents, in current funds, the sum of **One Hundred Five Thousand Two Hundred Forty Six Dollars and Zero Cents (\$105,246.00)**. The Contract Sum is not subject to escalation, includes all labor and material increases anticipated throughout the duration of this Construction Contract.

Contract Contingency: \$21,050.00

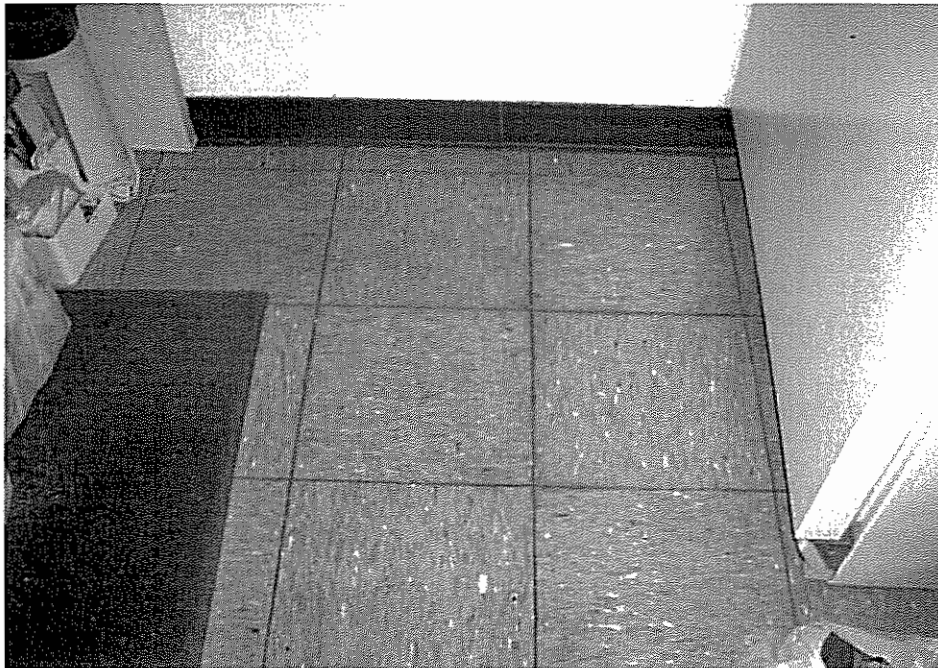
SOUTHBAY GARDENS SENIOR HOUSING DEVELOPMENT
230 E. 130th Street, Los Angeles, CA



SOUTHBAY GARDENS SENIOR HOUSING DEVELOPMENT
230 E. 130th Street, Los Angeles, CA



Typical worn & torn carpet in living rooms and bedrooms



Typical cracked & loose vinyl composition tiles in kitchens and bathrooms



**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

2 Coral Circle • Monterey Park, CA 91755

323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

William K. Huang
Acting Executive Director

November 19, 2008

Honorable Housing Commissioners
Housing Authority of the
County of Los Angeles
2 Coral Circle
Monterey Park, California 91755

Dear Commissioners:

**ADOPT RESOLUTION DECLARING INTENT TO ISSUE MULTI FAMILY HOUSING
MORTGAGE REVENUE BONDS FOR MULTIFAMILY HOUSING IN
UNINCORPORATED FLORENCE-FIRESTONE (District 1)**

SUBJECT:

This letter requests that your Board approve a Resolution declaring the Housing Authority's intent to issue Multifamily Housing Mortgage Revenue Bonds to finance the site acquisition and construction of Slauson Station, a 30-unit multifamily project to be located at 1707-1717 East 61st Street in unincorporated Florence-Firestone.

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Recommend that the Board of Commissioners find that adoption of a Resolution declaring the intent of the Housing Authority of the County of Los Angeles to issue Multifamily Housing Mortgage Revenue Bonds is not subject to the California Environmental Quality Act (CEQA) because the proposed activity will not have the potential for causing a significant effect on the environment.
2. Recommend that the Board of Commissioners adopt and instruct the Chair to sign the attached Resolution, as required under Treasury Regulations, declaring an intent by Slauson Station Apartments, L.P. (Developer), a California Limited Partnership, to undertake bond financing in an amount not exceeding \$6,800,000 to finance the site acquisition and construction of Slauson Station Apartments, a 30-unit multifamily rental housing development located at 1707-1717 East 61st Street in the unincorporated Florence-Firestone area.



3. Recommend that the Board of Commissioners authorize the Acting Executive Director of the Housing Authority to submit an application to the California Debt Limit Allocation Committee (CDLAC) for a private activity bond allocation in an aggregate amount not exceeding \$6,800,000 for the purposes described herein.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The purpose of this action is to approve a Resolution by the Housing Authority of the County of Los Angeles declaring its intent to issue Multifamily Housing Mortgage Revenue Bonds in an aggregate amount not exceeding \$6,800,000, and to authorize the Acting Executive Director of the Housing Authority to apply to CDLAC for a private activity bond allocation in the same amount, in order to finance the site acquisition and construction of 30 units, including one manager's unit that will have no affordability requirements.

FISCAL IMPACT/FINANCING:

No County costs will be incurred. The Developer will pay all fees and related costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

The Project, to be located at 1707-1717 East 61st Street in unincorporated Los Angeles County, will consist of a three-story apartment building, comprised of five one-bedroom units, 14 two-bedroom units and 11 three-bedroom units. Four of the units will be reserved for households with incomes that do not exceed 30% of the area median income (AMI) for the Los Angeles-Long Beach Metropolitan Statistical Area, adjusted for household size, as determined by the U.S. Department of Housing and Urban Development (HUD). Nine units of the units will be reserved for households with incomes that do not exceed 35% of AMI, and the remaining sixteen units will be reserved for households with incomes that do not exceed 50% of AMI. The affordability requirements will remain in effect for 55 years. The manager's unit will have no affordability requirements.

Adoption of the Resolution by the Board of Commissioners of the Housing Authority announcing the intent to issue Multifamily Housing Mortgage Revenue Bonds is required to establish a base date after which costs incurred by the Developer may be included in the construction and permanent financing obtained pursuant to issuance of the tax-exempt bonds. The Resolution is also required to complete the Housing Authority's application to CDLAC.

Honorable Housing Commissioners
November 19, 2008
Page 3

On October 6, 2008, the Housing Authority conducted a hearing at its office located at 2 Coral Circle in Monterey Park regarding the issuance of multifamily bonds to finance the Project, pursuant to Section 147(f) of the Internal Revenue Code. No comments were received at the public hearing concerning the issuance of the bonds or the nature and location of the Project.

The attached Resolutions were prepared by Orrick, Herrington and Sutcliffe, Housing Authority Bond Counsel, and approved as to form by County Counsel. This letter relates to another item being considered by the Board of Supervisors.

ENVIRONMENTAL DOCUMENTATION:

This action is exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. This action is also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

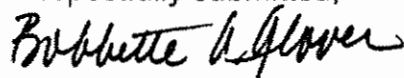
An Environmental Assessment was prepared for this project pursuant to the requirements of NEPA. Based on the conclusions and findings of the Environmental Assessment, a Finding of No Significant Impact was approved by the Community Development Commission on August 2, 2005. Following the required public and agency comment period, HUD issued a Release of Funds for the project on August 23, 2005.

CEQA requirements are satisfied by the Board of Commissioners' May 2, 2006 approval of the Environmental Assessment/Mitigated Negative Declaration, including the Mitigation and Monitoring Plan, and filing of the Notice of Determination.

IMPACT ON CURRENT PROJECT:

The proposed action is a necessary step to provide bond financing for the Project, which will retain the supply of affordable multifamily housing in the County with long-term affordability.

Respectfully submitted,

for 
WILLIAM K. HUANG
Acting Executive Director

Attachments: 1

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE HOUSING
AUTHORITY OF THE COUNTY OF LOS ANGELES DECLARING
ITS OFFICIAL INTENT TO UNDERTAKE
THE FINANCING OF A MULTIFAMILY HOUSING PROJECT
AND RELATED ACTIONS

WHEREAS, the Housing Authority of the County of Los Angeles (the "Authority") is authorized and empowered by the provisions of Chapter 1 of Part 2 of Division 24 of the Health and Safety Code of the State of California (the "Act") to issue and sell mortgage revenue bonds for the purpose of making loans or otherwise providing funds to finance the acquisition, construction, rehabilitation and development of multifamily residential rental housing projects, including units for households meeting the income limits set forth in the Act; and

WHEREAS, Slauson Station Apartments L.P., a California Limited Partnership (or an affiliate or assign) (the "Borrower"), has requested that the Authority issue and sell its mortgage revenue bonds pursuant to the Act to provide financing for the acquisition and construction of a multifamily rental housing development consisting of 30 units to be located at 1707-1717 East 61st Street, in unincorporated Los Angeles County (the "Project"); and

WHEREAS, this Board of Commissioners of the Authority (the "Board") hereby finds and declares that it is necessary, essential and a public purpose for the Authority to finance multifamily housing projects pursuant to the Act, in order to increase the supply of multifamily housing in Los Angeles County available to persons and families within the income limitations established by the Act; and

WHEREAS, as an inducement to the Borrower to carry out the Project, this Board desires to authorize the issuance of mortgage revenue bonds by the Authority to finance the Project (the "Bonds") in a principal amount not to exceed \$6,800,000; and

WHEREAS, the Authority, in the course of assisting the Borrower in the financing of the Project expects that the Borrower has paid or may pay certain expenditures (the "Reimbursement Expenditures") in connection with the Project within 60 days prior to the adoption of this Resolution prior to the issuance of indebtedness for the purpose of financing costs associated with the Project on a long-term basis; and

WHEREAS, Section 1.142-4 and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Project with proceeds of a subsequent borrowing; and

WHEREAS, Section 146 of the Internal Revenue Code of 1986 limits the amount of multifamily housing mortgage revenue bonds that may be issued in any calendar year by entities within a state and authorizes the governor or the legislature of a state to provide the method of allocation within the state; and

WHEREAS, Chapter 11.8 of Division 1 of Title 2 of the Government Code of the State of California (the "Government Code") governs the allocation of the state ceiling among

governmental units in the State of California having the authority to issue multifamily housing mortgage revenue bonds; and

WHEREAS, Section 8869.85 of the Government Code requires a local agency to file an application with the California Debt Limit Allocation Committee ("CDLAC") prior to the issuance of multifamily housing mortgage revenue bonds; and

WHEREAS, this Board hereby finds and declares that this resolution is being adopted pursuant to the powers granted by the Act.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The above recitals, and each of them, are true and correct.
2. This Board hereby determines that it is necessary and desirable to provide financing for the Project by the issuance and sale of mortgage revenue bonds pursuant to the Act and hereby authorizes the issuance and sale of the Bonds by the Authority in aggregate principal amounts not to exceed \$6,800,000. This action is taken expressly for the purpose of inducing the Borrower to undertake the Project, provided that nothing contained herein shall be construed to signify that the Project complies with the planning, zoning, subdivision and building laws and ordinances applicable thereto or to suggest that the Authority or any officer, agent or employee of the Authority will grant any approval, consent or permit which may be required in connection with the acquisition and construction of the Project or the issuance of the Bonds.
3. The issuance and sale of the bonds shall be upon such terms and conditions as may be agreed upon by the Authority and the Borrower and the initial purchasers of the Bonds; provided, however, that the Bonds shall not be sold or issued unless specifically authorized by the subsequent resolution of this Board.
4. This Resolution is being adopted by the Authority for purposes of establishing compliance with the requirements of Section 1.142-4 and Section 1.150-2 of the Treasury Regulations. In that regard, the Authority hereby declares its official intent to use proceeds of indebtedness to reimburse the Reimbursement Expenditures. Notwithstanding the foregoing, this resolution does not bind the Authority to make any expenditure, incur any indebtedness, or proceed with the Project.
5. The proper officers of the Authority are hereby authorized and directed to apply to CDLAC for a private activity bond allocation for application by the Authority to the issuance the Bonds for the Project in an amount not to exceed \$6,800,000, to collect from the Borrower an amount equal to the performance deposit required by CDLAC and to certify to CDLAC that such amount has been placed on deposit in an account in a financial institution.
6. The proper officers of the Authority are hereby authorized and directed to take whatever further action relating to the aforesaid financial assistance may be deemed reasonable and desirable, provided that the terms and conditions under which the Bonds are to be issued and sold shall be approved by this Board in the manner provided by law prior to the sale thereof.

7. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Commissioners of the Housing Authority of the County of Los Angeles, State of California, this 5th day of November, 2008, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

By: _____
Chair of the
Board of Commissioners

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Commissioners

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Deputy



**HOUSING AUTHORITY
of the County of Los Angeles**

Administrative Office

2 Coral Circle • Monterey Park, CA 91755

323.890.7001 • TTY: 323.838.7449 • www.lacdc.org



Gloria Molina
Yvonne Brathwaite Burke
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich
Commissioners

William K. Huang
Acting Executive Director

November 19, 2008

The Honorable Housing Commissioners
Housing Authority of the County of Los Angeles
2 Coral Circle
Monterey Park, CA 91755

Dear Commissioners:

**APPROVE CONTRACT FOR ELEVATOR MAINTENANCE SERVICES FOR
14 PUBLIC HOUSING DEVELOPMENTS WITHIN LOS ANGELES COUNTY
(ALL DISTRICTS)**

SUBJECT

Approval of this Contract will provide monthly standardized elevator maintenance services for 37 elevators located at 14 senior public housing developments within the County of Los Angeles. The Contract will allow the Housing Authority to continue providing safe and functioning elevators at the 14 senior public housing developments.

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Recommend that the Board of Commissioners find that the approval of a Contract for maintenance services for 37 elevators at 14 senior housing developments located in the County of Los Angeles is exempt from the California Environmental Quality Act (CEQA) as described herein, because the activities will not have the potential for causing a significant effect on the environment.
2. Recommend that the Board of Commissioners approve and authorize the Acting Executive Director to execute the attached one-year Contract with Excelsior Elevator Corporation, to be effective on December 16, 2008, to provide elevator maintenance services for 37 elevators located at 14 senior housing developments (identified in Attachment B), located throughout the County of Los Angeles, that are owned or managed by the Housing Authority, and to use for this purpose a total of \$60,021, comprised of \$50,559 in Conventional Public Housing Program funds provided by the U.S. Department of Housing and Urban Development (HUD) and \$9,462 in Project-Based Section 8 Program funds provided by HUD.

3. Recommend that the Board of Commissioners authorize the Executive Director to execute amendments to the one-year Contract, following approval as to form by County Counsel, to extend the term of the Contract for a maximum of four years, in one-year increments, at \$61,822 for the second year, \$63,676 for the third year, \$65,587 for the fourth year, and \$67,554 for the fifth year, using funds to be approved through the annual budget process.
4. Recommend that the Board of Commissioners authorize the Acting Executive Director to execute all necessary administrative amendments to the Contract as well as any amendments to increase the annual compensation amount, in an amount not to exceed thirty percent of the applicable contract year compensation amount, following approval as to form by County Counsel, to provide for any unforeseen needed elevator maintenance services, using the same sources of funds described above.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to approve a Contract for monthly standardized elevator maintenance services for 37 elevators located at 14 senior public housing developments throughout the County of Los Angeles. Several of these elevators are older and require regular repair to maintain a constant level of good service.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. The aggregate amount for all five years of the Contract, if fully extended, will be \$318,660 plus an additional \$95,598 for any unforeseen repair costs, for a total aggregate amount not to exceed \$414,258.

For the first year of services under the Contract, the Housing Authority will use a maximum aggregate of \$60,021, comprised of \$50,559 in Conventional Public Housing Program funds from HUD and \$9,462 in Project-Based Section 8 Program funds from HUD, included in the Housing Authority's approved Fiscal Year 2008-2009 budget.

After the first year, the Housing Authority may extend the Contract for an additional four years, in one-year increments, at \$61,822 for the second year, \$63,676 for the third year, \$65,587 for the fourth year and \$67,554 for the fifth year, contingent upon availability of funds.

A thirty percent contingency, in the amount of \$18,006 for the first year, \$18,547 for the second year, \$19,103 for the third year, \$19,676 for the fourth year and \$20,266 for the fifth year, is also being set aside to provide for any unforeseen necessary elevator maintenance services, using the same annual source of funds described above.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

These services are being federally funded and are not subject to the requirements of the Greater Avenues for Independence (GAIN) Program or the General Relief Opportunity for Work (GROW) Program implemented by the County. Instead, Excelsior Elevator Corporation will comply with Section 3 of the Housing and Community Development Act of 1968, as amended, which requires that employment and other economic opportunities generated by certain HUD assistance be directed to low- and very low-income persons, particularly to persons who are recipients of HUD housing assistance.

The Contract has been approved as to form by County Counsel and executed by Excelsior Elevator Corporation.

ENVIRONMENTAL DOCUMENTATION

Pursuant to Title 24 of the Code of Federal Regulations, Section 58.35 (b)(3), this project is excluded from the National Environmental Policy Act (NEPA) because it involves activities that will not alter existing environmental conditions. The action is exempt from the provisions of CEQA pursuant to State CEQA Guidelines Section 15301 because it does not have the potential for causing a significant effect on the environment.

CONTRACTING PROCESS

On September 23, 2008, the Housing Authority initiated an outreach to identify an elevator service maintenance company. Request for Proposal Notices were mailed to 27 elevator maintenance providers identified from the Housing Authority's vendor list. Advertisements also appeared in eight local newspapers and on the Community Development Commission and Los Angeles County Websites. Eight proposal packages were distributed.

Honorable Housing Commissioners
November 19, 2008
Page 4

A mandatory Pre-Proposal Conference and site walk was held on October 7, 2008, and seven contractors attended. Addendum No. 1 was issued on October 10, 2008 to extend the proposal due date. Addendum No. 2 was issued on October 16, 2008 to revise the Scope of Work and extend the due date to October 22, 2008 to allow the contractors additional opportunity to review the Scope of Work and visit any of the elevators at the housing developments.

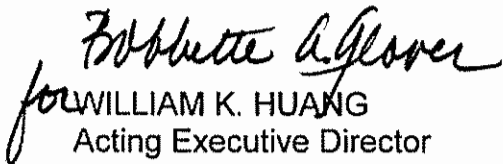
Three proposals were received by the due date. One of the proposals was rejected because of the company's failure to submit a complete proposal package. The other two companies' proposals were evaluated using a 1000 point system. The proposal submitted by Excelsior Elevator Corporation received the highest score and is being recommended for the Contract award.

The Summary of Outreach Activities is provided as Attachment A.

IMPACT ON CURRENT SERVICES

The award of this Contract will allow the Housing Authority to continue providing safe and efficient elevators at the 14 senior housing developments located throughout the County of Los Angeles.

Respectfully submitted,


for WILLIAM K. HUANG
Acting Executive Director

Attachments (3)

ATTACHMENT A

CONTRACT FOR ELEVATOR MAINTENANCE SERVICES

Summary of Outreach Activities

On September 23, 2005, the following outreach was initiated to identify qualified firms to provide elevator maintenance services for 37 elevators at 14 senior housing developments throughout Los Angeles County.

A. Newspaper Advertising

Announcements appeared in the following eight local newspapers:

La Opinion	Los Angeles Sentinel
Eastern Group Publications	Los Angeles Times
International Daily News	The Daily News
WAVE Community Newspapers	Long Beach Press Telegram

An announcement was also posted on the Community Development Commission's and the L.A. County's web sites.

B. Distribution of Proposal Packets

The Housing Authority's vendor list was used to mail out the IFB to 27 contractors, of which 13 identified themselves as businesses owned by minorities or women (private firms which are 51 percent owned by minorities or women, or publicly-owned businesses in which 51 percent of the stock is owned by minorities or women).

As a result of the outreach, eight proposal packets were requested and distributed.

C. Pre-Proposal Conference and Site Walk

A mandatory Pre-Proposal Conference was held on October 7, 2008. Seven Contractors attended. Addendum No. 1 was issued on October 10, 2008 extending the proposal due date. Amendment No. 2 was issued on October 16 revising the Scope of Work and extending the bid due date from to October 22, 2008 to allow the Contractors additional opportunity to view the various elevators at the housing developments.

D. Proposal Results

On October 23, 2008 three proposals were received. Once proposal package was incomplete and rejected. Two proposals were evaluated using a 1000 point system. The evaluation scores are as follows:

Company**Total Points**

Excelsior Elevator
Superior Elevator

905
894

E. Minority/Female Participation –Contractor and Subcontractor

Name**Ownership****Employees**

Excelsior Elevator Corp.

Minority

Total: 6
4 minorities
2 women
67% minorities
33% women

F. Minority/Female Participation – Firms Not Selected

Name**Ownership****Employees**

Superior Alliance
Elevator Corp.

Non-Minority

Total: 8
1 minorities
0 women
13% minorities
0% women

The Housing Authority conducts ongoing outreach to include minorities and women in the contract award process, including: providing information at local and national conferences; conducting seminars for minorities and women regarding programs and services; advertising in newspapers to invite placement on the vendor list; and mailing information to associations representing minorities and women. The above information has been voluntarily provided to the Housing Authority.

The recommended award of the contract is being made in accordance with the Housing Authority's policies and federal regulations, and without regard to race, creed, color, or gender.

ATTACHMENT B

ELEVATOR UNITS INFORMATION FOR HOUSING SITES

Elevator Location Sites	Number of Elevators	Manufacturer	Type	No. of Stops
Orchard Arms 23420 Wiley Canyon Road Valencia, CA 91355	4	Oliver & Williams	Hydraulic	2
Foothill Villa 2423 Foothill Blvd. La Crescenta, CA 91214	3	U.S.	Hydraulic	3
Lancaster Homes 711 West Jackman Street Lancaster, CA 93534	2	Coast	Hydraulic	2
Kings Road Apartments 800 North Kinds Road West Hollywood, CA 90069	4	Westinghouse	Hydraulic	4
West Knoll Apartments 838 North West Knoll Drive West Hollywood, CA 90069	2	Delta	Hydraulic	2
Palm Avenue Apartments 959 North Palm Avenue West Hollywood, CA 90069	2	U.S.	Hydraulic	2
Marina Manor 3401 Via Dolce Marina Del Rey, CA 90292	4	Reliable	Hydraulic	4 8
Nueva Maravilla 4949 Cesar E. Chavez Avenue Los Angeles, CA 90022	4	Oliver & Williams	Hydraulic	2
Francisquito Villa 14622 Francisquito Avenue La Puente, CA 91746	2	U.S.	Hydraulic	3
Whittier Manor 11527 Slauson Avenue Whittier, CA 90608	2	Reliable	Hydraulic	3
Herbert Avenue Apartments 133 Herbert Avenue Los Angeles, CA 90063	2	Dover	Hydraulic	3
South Bay Gardens 230 East 130 th Street Los Angeles, CA 90061	2	Otis	Hydraulic	3
Carmelitos 1000 Via Wanda Long Beach, CA 90805	2	Dover	Hydraulic	3
Lomita Manor 24925 Walnut Street Lomita, CA 90717	2	Coast Elevator	Hydraulic	3

ATTACHMENT C
Contract Summary

Project Name: ELEVATOR MAINTENACE SERVICES
Location: 14 Senior Housing Developments within Los Angeles County
Number: CDC08-600
Contract Start Date: December 16, 2008
Contractor: Excelsior Elevator Corporation
Purpose: The purpose of this contract is to provide regular monthly maintenance services to the Housing Authorities 37 elevators located at 14 senior housing developments within the County of Los Angeles. The Contract also covers, as part of the contingency, regular State mandated load testing.

Term: Upon execution, the Contract shall remain in full force until December 15, 2009 unless sooner terminated or extended in writing.

Option to Renew: The Housing Authority has the option to renew the Contract for four (4) additional one year terms, unless sooner terminated or extended in writing.

Performance Review: A performance review shall be conducted no later than 90 days prior to the end each Contract year. Based on the assessment of the performance review, written notification will be given to the Contractor whether the agreement will be terminated at the end of the current year or will be continued into the next contract year.

Compensation: The Contractor shall be paid full compensation for the work required, performed, and accepted, an annual amount which is exclusive of all costs and expenses which will be deducted from the contract 30% annual contingency amount.

Year	Annual Compensation	Annual 30% Contingency Amount	Total Annual Cost
First	\$60,021	\$18,006	\$78,027
Second	\$61,822	\$18,547	\$80,369
Third	\$63,676	\$19,103	\$82,779
Fourth	\$65,587	\$19,676	\$85,263
Fifth	\$67,554	\$20,266	\$87,820
TOTAL			\$414,258

**Housing Commission
2009 Meeting Schedule
12:00 noon**

<u>Date</u>	<u>Site</u>	<u>Address/ Telephone #</u>	<u>District</u>	<u>Description</u>
January 28	CDC/Headquarters	2 Coral Circle Monterey Park, CA 91755 (323) 890-7001	N/A	N/A
February 25	Kings Road	800-801 N. Kings Road West Hollywood, CA 90069 (323) 653-3090	3 rd	106 Units of Senior Housing
March 25	CDC/Housing Authority	12131 Telegraph Rd. Santa Fe Springs, CA 90670 (562) 347-4663 ext# 8196	N/A	N/A
April 22	Foothill Villa	2423 Foothill Blvd. La Crescenta, CA 91214 (661) 255-5818	5 th	62 Units of Senior Housing
May 27	CDC/Headquarters	2 Coral Circle Monterey Park, CA 91755 (323) 890-7001	N/A	N/A
June 24	Francisquito Villa	14622 Francisquito Ave. La Puente, CA 91746 (626) 960-7202	1 st	89 Units of Senior Housing
July 22	CDC/Housing Authority	12131 Telegraph Rd. Santa Fe Springs, CA 90670 (562) 347-4663 ext# 8196	N/A	N/A
August 26	Harbor Hills (Community Center)	26607 Western Ave. Lomita, CA 90717 (310) 534-6843	4 th	301 Units of Family / Senior Housing
September 23	CDC/Headquarters	2 Coral Circle Monterey Park, CA 91755 (323) 890-7001	N/A	N/A
October 28	South Whittier (Community Center)	10750 Laurel Avenue Whittier, CA 90605 (562) 946-2425	1/4	Community Center
November 18	CDC/Housing Authority	12131 Telegraph Rd. Santa Fe Springs, CA 90670 (562) 347-4663 ext# 8196	N/A	N/A
December 16	BTC	2400 N. Lincoln Ave. Altadena, CA 91001 (626) 296-6300	N/A	N/A